

IRS Update: Recharacterization of Roth IRA Conversions



The tax reform bill that was passed and signed in December 2017 changed a client's ability to recharacterize a conversion. While clients will still be able to recharacterize contributions, as of January 1, 2018 clients will no longer be able to recharacterize conversions made after January 1, 2018. This does not affect conversions made in 2017 being recharacterized in 2018.

For any clients that want to convert their entire account and are of 70 ½ needing to satisfy an RMD, they must take their RMD prior to the conversion.

Please see the articles below:

<https://www.irs.gov/retirement-plans/ira-faqs-recharacterization-of-ira-contributions>

https://thelink.ascensus.com/articles/2018/2/13/ira-recharacterizations-past-present-and-after-tax-reform?utm_source=The+Link+subscribers&utm_campaign=6600d834ec-RSS_MAILCHIMP_THELINK&utm_medium=email&utm_term=0_ddcd9f7cec-6600d834ec-36279355