In-Plan Roth Conversions

PERAPlus
Colorado PERA 401(k)/457 Plans

Participants in the PERAPlus 401(k) and 457 Plans may convert assets from pre-tax to Roth funds as outlined below.

Tax Considerations

If you convert pre-tax assets to Roth assets, the conversion amount is subject to ordinary income taxes in the year of the conversion. There is no tax withholding on the conversion, so you will be responsible for paying all taxes. Once a conversion is processed, the funds cannot be changed back to pre-tax funds.

You may want to seek advice from a tax professional or financial advisor about Roth contributions and in-plan conversions before making a decision.

PERAPlus 401(k) Plan

In-plan conversions to Roth funds are not subject to the 10% early withdrawal penalty generally applicable to individuals under age 59½. Amounts converted to Roth may be subject to taxation and a 10% penalty at the time of distribution unless the following criteria are met:

» Converted amounts must stay in the Plan until the end of the five-year period beginning January 1 of the year of the rollover.

» The participant must be either at least age 59½, disabled, or the distribution is to be made to a beneficiary after the participant's death.

PERAPlus 457 Plan

Amounts converted to Roth may be subject to taxation at the time of distribution unless the following criteria are met:

» Converted amounts must stay in the Plan until the end of the five-year period beginning January 1 of the year of the rollover.

» The participant must be either at least age 59½, disabled, or the distribution is to be made to a beneficiary after the participant's death.

Other Considerations

» Only two conversions can be made each calendar year.

» Roth funds cannot be used to purchase service credit in the Colorado PERA Defined Benefit (DB) Plan.

» The following distributions are **not** eligible for in-plan conversions:

- Required minimum distributions (RMDs)
- Unforseeable emergency withdrawals
- Financial hardship withdrawals

More Information

Contact Empower at 833-4-COPERA (833-426-7372) and request the *In-Plan Roth Rollover Request Form* or download the form through your coperaplus.org account.

PERA membership rights, benefits, and obligations are governed by Title 24, Article 51, of the Colorado Revised Statutes, PERA Rules, and other governing laws, which prevail over any interpretations in this fact sheet.

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