

# **EGTRRA Rollovers and Portability**

## ***Quick Reference Chart***



One of the most significant pension reform provisions of The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) is the enhanced portability.

Under prior law, many employees had a difficult time moving money from one type of retirement savings plan to another, causing havoc for job switchers. Many of the restrictions on rollovers between plans and IRAs have been relaxed. The requirement to roll over to a similar plan or arrangement is no longer applicable.

For eligible rollover distributions taken after January 1, 2002, amounts can generally be rolled over to any other qualified plan. Investors can roll over most types of employer-sponsored plans into another plan or an IRA, or roll over an IRA into a qualified plan, if their new employer's plan accepts rollovers. The following table summarizes the rollover rules.



# EGTRRA Rollovers and Portability *Quick Reference Chart*

FROM	TO								
	Qualified Plan	Safe Harbor 401(k)	SIMPLE 401(k)	403(b)	Governmental 457	Simplified Employee Pension Plan (SEP)	IRA	SIMPLE IRA	Roth IRA
<b>Qualified Plan</b>	Y	Y	N <sup>5</sup>	Y	Y	Y	Y	N	N <sup>4</sup>
<b>Safe Harbor 401(k)</b>	Y	Y	N <sup>5</sup>	Y	Y	Y	Y	N	N <sup>4</sup>
<b>SIMPLE 401(k)</b>	Y	Y	N <sup>5</sup>	Y	Y	Y	Y	N	N <sup>4</sup>
<b>403(b)</b>	Y	Y	N <sup>5</sup>	Y	Y	Y	Y	N	N <sup>4</sup>
<b>Governmental 457</b>	Y	Y	N <sup>5</sup>	Y	Y	Y	Y	N	N <sup>4</sup>
<b>Simplified Employee Pension Plan (SEP)</b>	Y	Y	N <sup>5</sup>	Y	Y	Y	Y	N	Y <sup>1</sup>
<b>IRA</b>	Y	Y	N <sup>5</sup>	Y	Y	Y	Y	N	Y <sup>1</sup>
<b>SIMPLE IRA</b>	Y <sup>2</sup>	Y	N <sup>2,5</sup>	Y	Y	Y	Y <sup>2</sup>	Y	Y <sup>1</sup>
<b>Roth IRA</b>	N	N	N	N	N	N	N	N	Y
<b>After-tax Contributions in a Qualified Plan</b>	Y <sup>3</sup>	Y <sup>3</sup>	N <sup>5</sup>	N	N	Y	Y	N	N <sup>4</sup>
<b>After-tax Contributions in an IRA</b>	N	N	N	N	N	N	Y	N	N <sup>4</sup>

A surviving spouse may rollover distributions into a tax-qualified retirement plan, 403(b) plan or governmental 457 plan. Hardship distributions, however cannot be rolled over.

The rules relating to non-governmental 457 plans have not been changed by EGTRRA.

<sup>1</sup> Only if the taxpayer's adjusted gross income (AGI) for the tax year does not exceed \$100,000, and the taxpayer is not married filing separately (Code Sec. 408A(c)(3)(B)).

<sup>2</sup> Only after the individual has participated in the SIMPLE plan for two years (Code Sec. 408(d)(3)(G)(ii)).

<sup>3</sup> Only through direct trustee-to-trustee transfer.

<sup>4</sup> However, a distribution that is rolled over to a traditional IRA may then be converted to a Roth IRA, if the individual otherwise could convert from the traditional IRA to a Roth IRA. IRA amounts converted to a Roth IRA are taxable in the year the IRA is converted.

<sup>5</sup> Under Code Sec. 401(k)(11)(B)(i)(III), amounts received under a SIMPLE 401(k) plan may not be rolled over to another SIMPLE 401(k) plan because a SIMPLE 401(k) plan may only receive elective and matching contributions.

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