

MEMO# 10913

April 19, 1999

CONFERENCE CALL ON "FAILED" ROTH IRA CONVERSIONS

1 See Institute Memorandum to Pension Members No. 18-99 and Pension Operations Advisory Committee No. 24-99, dated April 8, 1999. [10913] April 19, 1999 TO: PENSION COMMITTEE No. 29-99 PENSION OPERATIONS ADVISORY COMMITTEE No. 28-99 RE: CONFERENCE CALL ON "FAILED" ROTH IRA CONVERSIONS

_____ The Institute has scheduled conference call for Friday, April 23 at 2:00 p.m. EST to discuss "failed" Roth IRA conversions. Specifically, some taxpayers who converted traditional IRAs to Roth IRAs during 1998 were ineligible to do so, because their adjusted gross income exceeded the \$100,000 limitation. These conversions give rise to several issues: (1) the extent to which taxpayers are permitted to recharacterize the conversion; (2) the nature of tax penalties incurred if the Roth IRA conversion is not recharacterized by tax filing deadlines; and (3) the related reporting obligations of financial institutions. In early April, the Internal Revenue Service issued a release stating that individuals who converted IRAs but exceeded the \$100,000 AGI limitation have until the tax filing deadline (including extensions) to correct the conversion in a recharacterization transaction. The release also stated that such taxpayers could file an amended return by April 15 to recharacterize their Roth IRA conversion if they had already filed their tax return.¹ We will discuss the extent to which firms are receiving recharacterization requests and whether current IRS guidance sufficiently addresses this matter. To participate on this conference call, please complete the response below and fax it to Melanie Washington by COB Thursday, April 22. If you have any questions concerning the call, please call me at (202) 326-5835 or Kathryn Ricard at (202) 218-3563. Russ Galer Senior Counsel

_____ Attendance Form for Institute "Failed" Roth IRA Conversions Conference Call Friday, April 22, 1999 - 2:00 EST Please fax this form by Thursday, April 22, 1999 to Melanie Washington at (202) 326-5841. Yes, I will participate in the Roth IRA conference call. To participate in the call, dial 1-800-523-5415 and ask for the "Roth IRA" call, confirmation number 1476374.

_____ Committee Member
Firm Phone Number _____