

## The Star-Ledger

### Ask the Biz Brain

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Q. Must Required Minimum Distribution (RMD) payouts be included as total income to ensure the limit is not exceeded for making a conversion from an IRA to a Roth IRA? I turned 70 on Oct. 1 last year and took my first RMD before year's end. Did I have to take it in view of the recent legislation? If not, is there any way to undo it?

- Joseph



**BUSINESS BRAIN**  
Ask The Brain

A. Your RMD income is not included as part of total income for Roth conversion calculations, says **Jennifer Murray, a certified financial planner with Stonebridge Financial Advisors in Morristown.**

Your Modified Adjusted Gross Income (MAGI) determines your conversion eligibility. According to IRS Publication 17, if your MAGI is less than \$100,000, you can do a Roth conversion.

In 2010, the income limitation on Roth conversions drops to zero for that one year, she says.

You can't convert the amount of your RMD to a Roth, says Jack Oujo, a Wall-based certified financial planner and certified public accountant.

Sounds like the RMD you took could have been postponed until April 1 of the year following the year you turn 70.

"However, you are still required to take that 2008 RMD even if you do so in 2009," Murray says

The new legislation you mention, which allows people to skip their 2009 RMDs, only counts for 2009, not for 2008 distributions, even if the 2008 distribution is postponed until 2009.

If you didn't take the 2008 RMD by April 1, 2009, you'd face a 50 percent excise tax on any RMD amount not taken, Oujo says.

RMD rules can get confusing, so it's wise to consult with your tax preparer or financial adviser before making any moves.

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