



## Rules and Conditions Applicable to Conversions

### Direct Conversion Requirements

To be an eligible direct conversion, all questions must be answered either NO or N/A

• **TAX RETURN RESTRICTION**

If you are married, are you and your spouse filing separate Federal income tax returns for the year in which the distribution occurs?  YES  NO  N/A

• **70 1/2 CONVERSION RESTRICTION**

If you are age 70 ½ or older in this calendar year, does the conversion contribution contain any amounts which constitute a required minimum distribution?  YES  NO  N/A

• **RECONVERSION RESTRICTION**

If this is a reconversion of a prior conversion, is it within the same taxable year of the prior conversion or, if later, within 30 days of recharacterizing the prior conversion?  YES  NO  N/A

• **TWO YEAR RESTRICTION**

If this is a conversion from a SIMPLE IRA, has it been less than two years since you first participated in a SIMPLE IRA plan sponsored by your employer?  YES  NO  N/A

**CAUTION:** Limits apply to the number of reconversions which can be made for tax purposes.

### Important Tax Withholding Information

Under IRS rules, a distribution from a Traditional IRA is subject to 10% income tax withholding, unless you elect not to have the withholding apply. A conversion from a Traditional IRA to a Roth IRA will be treated as a distribution subject to withholding.

On the front of this form, you must indicate your choice either (1) to elect NOT to have 10% tax withholding on your conversion, or (2) to have the 10% tax withholding apply.

A choice to have 10% withholding apply to your conversion would have the following consequences:

- The 10% withheld will not be part of the amount converted to a Roth IRA and thus will lose the opportunity for tax-deferred growth and possible tax-free distributions in the future.
- The taxable portion of the amount withheld may be subject to the 10% penalty tax applied to early withdrawals from an IRA.
- The taxable portion of the amount withheld is taxable income to you in the year of the conversion.

If you elect not to have withholding apply, you will still be liable to pay federal income tax on the taxable portion of the conversion and may be required to pay estimated taxes. The estimated tax rules apply penalties if the amount of estimated tax paid, together with other withholding, is inadequate.

Because of the consequences described above, for many individuals it will be more beneficial to elect NOT to have withholding apply and satisfy your tax liability out of other funds. You are urged to consult your own tax advisor.

It is your responsibility to determine what withholding may be applied by your current custodian to your conversion amount, if that amount is being transferred from another custodian. **FAM Funds takes no responsibility for funds that may be withheld by another custodian/trustee.**

### Signature of Participant

I have read and understand the conversion rules and conditions on both pages of this form and I have met the requirements for making a Roth conversion. Due to the important tax consequences of conversion funds or property to a Roth IRA, I have been advised to see a tax professional. All information provided by me is true and correct and may be relied on by the Custodian or Trustee. I assume full responsibility for this conversion transaction and will not hold the Custodian or Trustee liable for any adverse consequences that may result. I hereby irrevocably designate this contribution of \$\_\_\_\_\_ in cash and/or property as a conversion contribution.

\_\_\_\_\_  
Participant Signature

\_\_\_\_\_  
Date