

## Your Guide to Partial Roth Conversions

Issued by North American Company for Life and Health Insurance®

### What is a partial Roth conversion?

A partial Roth conversion occurs when you choose to take a portion of your account value from an existing individual retirement account (IRA) and convert that portion into a tax status of Roth IRA. The amount converted is a taxable event. However, all future distributions from the Roth IRA are tax-free, as long as you've had your first Roth IRA open for more than five years and are at least age 59 ½.

### What are the benefits of a Roth IRA?

- No RMDs are required during the owner's lifetime.
- A Roth IRA can be used as an estate planning tool because the assets can be passed on tax-free to beneficiaries.
- Tax diversification of retirement assets allows for more flexibility to manage taxable income in retirement.

## How can I start a partial Roth conversion with North American?



### Step 1: Pre-check

- **Work with your financial professional** to ensure you're eligible for a Roth IRA. While there are no income limits for converting to a Roth IRA, contributions to an existing Roth IRA do have income limits.
- **Partial Roth conversions can be requested** for a fixed index annuity contract issued February 1, 2024 or later.
- **If your contract contains a guaranteed living benefit rider and your lifetime payments have started** on your primary or converted contract we can no longer process a partial Roth conversion.
- **The minimum amount** for each conversion at North American is \$5,000.
- **Required minimum distributions (RMDs)** should be taken prior to requesting a conversion.



### Step 2: Fill out the Roth IRA conversion form

Obtain our Roth IRA conversion form (34460Z) from the North American website. Work with your financial professional to fill out and submit the form.

**Note:** If tax withholding is requested, it cannot exceed the penalty free amount available on the original contract.

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## Step 3: Partial Roth conversion

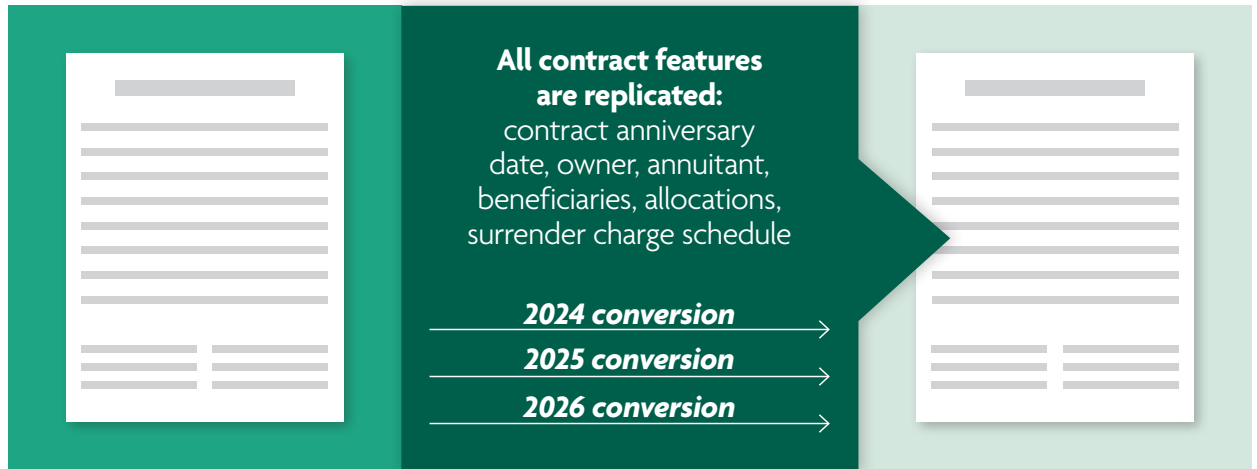
North American will create a new **converted IRA contract** that mirrors the original IRA. The original IRA will be referred to as the **primary contract**.

### Primary IRA Contract

Original contract number: 123456789

### Converted IRA Contract

Converted contract number: 222222222



## Step 4: Post conversion

- **Confirmation:** We will mail you a confirmation letter and Roth endorsement when the conversion is completed.
- **Annually:** You will receive an annual statement for each contract (primary and converted).
- **Tax documentation:** You will receive a 1099R and 5498 for the tax year in which you convert the tax status to Roth IRA.

Your financial situation and tax laws can change. Review your IRA annually with your financial professional to decide if additional conversions are beneficial.

**Contact your North American financial professional today to learn more.**

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