2026 · CAN I MAKE A 529-TO-ROTH IRA TRANSFER?

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Has the 529 account been open for at least 15 years?

- No → You cannot make a 529-to-Roth IRA transfer until the 529 account has been open for at least 15 years and the dollar amount you are transferring has been in the account for at least five years.
- Yes → Has the dollar amount you plan to transfer been in the 529 account for at least five years?
  - No → You cannot make a 529-to-Roth IRA transfer until the 529 account has been open for at least 15 years and the dollar amount you are transferring has been in the account for at least five years.
  - Yes → Are the beneficiary of your 529 account and the account owner of the Roth IRA you plan to transfer to the same person?
    - No → You cannot make a 529-to-Roth IRA transfer unless the beneficiary of the 529 account and Roth IRA owner are the same person and they have earned income.
    - Yes → Has the beneficiary had (or will they have) earned income for the tax year in question?
      - No → You cannot make a 529-to-Roth IRA transfer unless the beneficiary of the 529 account and Roth IRA owner are the same person and they have earned income.
      - Yes → Be mindful that the amount you can transfer from the 529 account to the Roth IRA is limited to the beneficiary's earned income or Roth IRA contribution limit (whichever is lower).

Be mindful of any state-specific issues that may apply to 529-to-Roth IRA transfers (e.g., treated as non-qualified distributions, recapture of state tax deductions or credits, additional state-level penalties, etc.).

Has the beneficiary made (or will they make) any traditional or Roth IRA contributions for the tax year in question?

- Yes → Be mindful that the amount you can transfer is reduced by any traditional or Roth IRA contributions the beneficiary makes for the tax year in question.
- No → Has the beneficiary previously ever received any other 529-to-Roth IRA transfers?
  - Yes → Be mindful that the total lifetime limit (per beneficiary) for receiving 529-to-Roth IRA transfers is $35,000. Ensure that this transfer won't exceed that limit before moving forward.
  - No → You are eligible to make a 529-to-Roth IRA transfer to the beneficiary.

Would making a 529-to-Roth IRA transfer provide meaningful and compelling benefits to the beneficiary's financial situation (e.g., kick-start Roth savings, avoiding Roth MAGI limits, etc.), and is that more important to you than using the funds in this 529 account for other qualified education expenses?

- Yes → Consider making a 529-to-Roth IRA transfer of unused funds if it makes sense for your situation.
- No → Consider using the 529 account to satisfy other qualified education expenses before transferring unused funds to a Roth IRA.

Do you plan to make additional 529-to-Roth IRA transfers to other beneficiaries?

- Yes → Be mindful when making 529-to-Roth IRA transfers to multiple beneficiaries, and ensure that the process of switching beneficiaries (or owners) does not jeopardize your plan (e.g., accidentally reset the 15-year clock).
- No → Consider making annual systematic 529-to-Roth transfers to the same beneficiary if it makes sense for your situation.

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