

# Will my Roth IRA withdrawal be subject to tax or 10% penalty?

as of 2021

Withdrawal Type (based on ordering)	Qualified Distributions <sup>A</sup>		Non-Qualified Distributions			
			Penalty Exception <sup>B</sup> : Yes		Penalty Exception <sup>B</sup> : No	
	Tax?	Penalty?	Tax?	Penalty?	Tax?	Penalty?
1 Contribution	No	No	No	No	No	No
2 Conversion (taxable)	No	No	No	No	No	Yes <sup>C</sup>
3 Conversion (nontaxable)	No	No	No	No	No	No
4 Earnings	No	No	Yes	No	Yes	Yes

**Footnotes:**

- A "Qualified Distributions" are withdrawals that occur AFTER:
- The account holder's first/oldest Roth IRA has been open at least five years. The five-year period begins January 1 of the year the account was funded
- AND
- One of the following:
    - Account holder is at least 59 1/2
    - Withdrawal occurred after account holder's death (i.e. after inherited by beneficiary)
    - Withdrawal is used for first-time home purchase (up to \$10,000 lifetime limit)
    - Account holder is totally disabled
- B Non-Qualified Distributions avoid the 10% penalty if one of the following:
- Account holder is at least 59 1/2
  - Withdrawal occurred after account holder's death (i.e. after inherited by beneficiary)
  - Withdrawal is used for first-time home purchase (up to \$10,000 lifetime limit)
  - Account holder is totally disabled
  - Withdrawal is part of a series of Substantially Equal Periodic Payments under rule 72(t)
  - Withdrawal is used to pay medical insurance premiums during period of unemployment
  - Withdrawal is used to pay unreimbursed medical expenses in excess of 7.5% of Adjusted Gross Income
  - Withdrawal is used to pay qualified higher education expenses
  - Withdrawal is due to an IRS levy
  - Withdrawal is a "qualified reservist" withdrawal (only applicable to military reservists)
- C If withdrawn within five years of the conversion. The five-year period begins January 1 of the year of the conversion. Each conversion has its own five-year period

All information was obtained from reliable sources and is believed to be accurate. This summary is only to be used as general information and education; it is not to be considered specific tax, legal or investment advice. Before acting on anything in this summary, first consult with your tax, legal or investment advisor

