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§529 Plan Rollovers Taxpayers can rollover amounts from their §529 plans into a Roth IRA and exclude it from income if certain conditions are met.

- First, the taxpayer must be the designated beneficiary of the account and the account must be maintained for 15 years.
- Second, the distribution cannot exceed the amount contributed (including earnings) in the previous five years.
- Third, the taxpayer must have taxable income equal to the amount of the rollover.
- And lastly, the distribution rolled over cannot exceed $35,000 over the taxpayer's lifetime or the annual Roth IRA contribution limit for the year.

Thus, it may take a taxpayer five or six years to reach the $35,000 limit. When determining the annual limit, the AGI limitations do not come into play. As such, even if the taxpayer's MAGI exceed the statutory thresholds for contributions to a Roth IRA, a designated beneficiary could still roll over an amount from their §529 plan into the Roth IRA. If the amount of the rollover is in excess of the annual limitations, that amount is not excluded from income. The taxpayer could be subject to the 10% penalty. If a taxpayer is contemplating a rollover from a §529 plan to a Roth IRA, it must be done via a trustee-to-trustee transfer. Therefore, if the taxpayer took a distribution from their §529 plan and later put that same amount into a Roth IRA, it would not qualify for this treatment.