

Adobe Roth In-Plan Conversions FAQs

Q1: How will I make the new Roth in-plan conversion elections?

A: On vanguard.com.

Q2: When can I make the new Roth in-plan conversion elections?

A: Starting 1/1/2017.

Q3: Can I set-up ongoing auto conversion of After-tax to Roth? Or must I make this election manually throughout the year?

A: The election to convert must be made manually throughout the year – there is no auto conversion. You will also need to pay any taxes due on the converted amount with money from outside of your Adobe 401k plan.

Q4: How often can I elect a Roth in-plan conversion?

A: Conversions can be done at any time via vanguard.com or through a Participant Services Associate.

Q5: Will the Roth conversion election be made by percent of my balance or must I designate a flat dollar amount?

A: The conversion election can be made by either percent or a flat dollar.

Q6: If I direct my traditional after-tax Payroll deferrals to Money Market and immediately convert to Roth, is this a way to ***not*** pay any taxes as part of the Roth conversion?

A: Each day that assets sit in any mutual fund option in the investment lineup, earnings can be credited to the account. In a money market account, earnings are credited each day. In today's current environment, the interest earnings are extremely low. Therefore, while earnings may occur, the amount would be considered de minimus, if an immediate conversion takes place. We recommend seeking the advice of a tax professional regarding the impact of taxes on any Roth in-plan conversion.

Q7: Can I do an in-plan Roth conversion for the new traditional after-tax funds?

A: Yes.

Q8: If I convert my pre-tax 401k assets to Roth 401k, do I need to pay any tax on the earnings?

A: Yes. Income tax will be due on the earnings and contributions for the year that you complete the conversion.

Q9: How do I contact Vanguard?

A: You can reach a Participant Services Associate by calling 800-523-1188 Monday through Friday 5 a.m. to 6:30 p.m. PT.