Roth Conversions At Revol One Financial®

An FAQ Guide For Financial Professionals

Understanding Roth Conversions

What is a Roth conversion?

A Roth conversion moves assets from a pre-tax retirement account (such as a Traditional IRA or qualified annuity) into a Roth IRA. Taxes are due on the converted amount in the year of conversion, but qualified withdrawals of both the converted amount and earnings are tax-free after age 59½ and 5 years after the conversion.

Why would a client consider a Roth conversion?

A Roth conversion may make sense for clients who:

- Expect to be in a higher tax bracket in the future
- Are in a temporary lower-income year
- Want to reduce or eliminate future Required Minimum Distributions (RMDs)
- Seek tax diversification in retirement
- Want to create tax-efficient wealth transfer opportunities for beneficiaries

Can a Roth conversion be done at any age?

Yes. There are no age restrictions on Roth conversions.

Can a client reverse or undo a Roth conversion?

No. Roth conversions cannot be recharacterized or reversed. Clients should consult their tax advisor before proceeding.

Can beneficiaries receive Roth funds tax-free?

Generally, yes — if, at the owner's death, the owner is age 59½ or older AND it has been at least 5 years after the conversion.

What are the primary benefits of a Roth IRA?

- Tax-free qualified withdrawals
- No lifetime RMDs for the contract owner
- Greater tax diversification across retirement assets
- Potential estate planning benefits for heirs

How do Roth conversions affect RMDs?

Roth IRAs are not subject to RMDs during the owner's lifetime, making conversions a useful strategy for clients looking to reduce or eliminate future RMD obligations.

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Roth Conversions At Revol One Financial

Which Revol One Financial products are available for Roth conversion?

- BonusRev™ Fixed Index Annuity
- AccumRev™ Fixed Index Annuity

How flexible is the Revol One Financial Roth conversion program?

Revol One Financial annuity contracts available for Roth conversion may be converted in full or in part, and multiple conversions may occur within the same calendar year. A minimum of $5,000 applies to partial conversions at Revol One Financial. If a partial conversion would reduce the IRA annuity below the contractual minimum, the remaining balance of the IRA will be fully converted.

If my client has an IRA annuity with a premium bonus, how is my premium bonus handled during the conversion?

When the entire Traditional IRA annuity with a premium bonus is converted to a Roth IRA, the entire Accumulation Value and any unvested premium bonus is transferred to the Roth IRA.

When a portion of a Traditional IRA annuity with a premium bonus is converted to a Roth IRA, a proportional share of both the Accumulation Value and any unvested premium bonus is transferred to the Roth IRA.

The transferred unvested premium bonus is not included in the fair market value (taxable amount) reported by Revol One Financial for the conversion. However, your client is ultimately responsible for making the determination that the unvested portion of the premium bonus can be converted, in whole or in part, to your client's Roth IRA and not be included in taxable income. Your client should consult with his or her tax advisor regarding the tax treatment of any Roth conversion including the treatment of any unvested premium bonus.

Can clients access converted funds immediately on a tax-free, penalty-free basis?

Not necessarily. Tax-free and penalty-free access is subject to applicable 5-year holding requirements, age requirements and IRS distribution rules. Additionally, the converted Roth IRA annuity retains the original IRA annuity's surrender charge schedule.

When can a client request a conversion?

Clients may request a Roth conversion thirty (30) days after the IRA annuity has been delivered, and when the free look period has expired.

Does a conversion start a new surrender charge schedule?

No. The Roth IRA annuity retains the original IRA annuity's surrender charge schedule and issue date.

Do allocations to strategy options change after conversion?

No. During the contract year of conversion, strategy option allocations of the Roth annuity mirror the allocations of the IRA annuity. Beginning at the next contract anniversary, allocations may be managed independently.

Does a conversion create a new contract number?

Yes. The initial Roth conversion creates a new Roth IRA annuity contract with a contract number that includes the original contract number plus an "R" to indicate it is the Roth version. No additional contract numbers are created for future Roth conversions. Subsequent conversions are applied to the existing Roth IRA annuity contract.

Is there a minimum or maximum conversion amount?

There is no maximum conversion amount. For partial conversions, a minimum conversion amount of $5,000 is required by Revol One Financial. If a partial conversion would reduce the IRA annuity below the contractual minimum, the remaining balance of the IRA annuity will be fully converted.

Process & Administration FAQs

How does the conversion process work?

When a conversion occurs, Revol One Financial creates a secondary Roth IRA annuity contract to hold the converted portion. The IRA annuity contract remains intact, minus the transferred value. Future conversion transactions flow into the existing Roth IRA annuity — a new contract is not created for each conversion event.

How do I initiate a Roth conversion for a client?

Complete the Roth conversion form and submit it to the Customer Care team through the My Revol One Agent Portal or via email at CustomerCare@RevolOneFinancial.com.

Can Roth conversions be set up as recurring transactions?

No. Roth conversions are currently processed as individual transactions only.

How long does the conversion process take?

Processing typically takes 5–7 business days. Clients will receive an email confirmation once the transaction has been completed. Additional details are accessible through the My Revol One Client Portal.

What communications will clients receive?

Once the conversion is processed, clients will receive an email confirmation directing them to the My Revol One Financial Client Portal, where they can view a confirmation letter and transaction details.

How many annual statements will clients receive?

- Partial conversion: Two annual statements – one for the IRA annuity and one for the Roth IRA annuity.
- Full conversion: One annual statement.

Who can Financial Professionals contact for support?

Contact Revol One Financial Customer Care at 800-701-4250. Please have the contract number available.

Taxes, Reporting & Withholding FAQs

Revol One Financial does not provide tax or legal advice. Clients should consult their tax professional regarding the implications of a Roth conversion.

What is the fair market value (taxable amount) for a Roth conversion?

The fair market value (taxable amount) is generally equal to the portion of the Accumulation Value being converted. If the contract includes a premium bonus, any unvested premium bonus amount will not be included in the fair market value (taxable amount). For example, if $12,000 of Accumulation Value is converted with a 20% unvested premium bonus, the taxable amount will be reported as $10,000.

How is the conversion reported for tax purposes?

Clients will receive applicable tax forms, including Form 1099-R and Form 5498.

Can clients elect tax withholding?

Yes. Clients may elect to have taxes withheld from the conversion amount. Note that if the withholding amount exceeds the free partial surrender amount, surrender charges, MVA and recoupment of premium taxes if any, may apply.

Are tax withholdings reported to the IRS?

Yes. All applicable tax withholdings are reported to the IRS.

What is a 5-year holding period?

To take earnings from a Roth IRA tax-free, two conditions must be met: the Contract owner must be age 59½ or older and the first Roth IRA must have been open for at least 5 years. The 5-year period starts January 1 of the tax year of the first Roth contribution (either regular Roth contribution or Traditional IRA conversion contribution to the Roth IRA). Each Roth conversion also has its own separate 5-year period that may affect early withdrawals and penalties.

Does Revol One Financial track the two different 5-year holding periods discussed above?

No. The Roth IRA owner is responsible for tracking both 5-year holding periods for purposes of determining the proper tax treatment of withdrawals from the Roth IRA.

How will Revol One Financial report a withdrawal from a Roth IRA to the IRS if it does not track the holding period?

Revol One Financial will report the withdrawal on a 1099-R form and check the box in Section 2b that states “taxable amount not determined”.

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Compensation for Financial Professionals FAQs

Are commissions or bonuses paid on converted amounts?

No. Commissions and bonuses are not paid on conversion amounts.

Can a commission chargeback occur if taxes are paid from qualified assets?

Yes. A prorated commission chargeback will apply to the portion of premium used to satisfy tax withholding obligations.

Important Reminder

Roth conversions involve tax implications and may not be suitable for every client. Additionally, your client is ultimately responsible for determining the tax treatment of any Roth conversion (including the treatment of an unvested premium bonus), distribution or other transaction involving their IRAs. Financial Professionals should not provide tax advice and should encourage clients to consult with their tax advisor before proceeding.

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