

# Contributions versus Conversions

- **US workers may make annual contributions to traditional IRAs, Roth IRAs, and employer defined contribution retirement plans**
  - (some 401k, 403b & 457 employer plans offer a “designated Roth” option)
- **Contribution rules are (overly) complex (See [irs.gov](http://irs.gov) and IRS Pubs 590A, 590B, 560, etc.)**
- **Conversion is the income taxable – after contribution – process of converting traditional retirement assets into Roth retirement assets**
  - usually done with traditional IRA assets (some employer plans allow conversions within the plan)
  - income tax is calculated by pooling any tax basis across all non-Roth IRA accounts
  - The no-tax “backdoor Roth IRA conversion” can only work with non-deductible traditional contributions