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ROTH INDIVIDUAL RETIREMENT ACCOUNT INSTRUCTIONS

Roth IRAs were established as part of the Taxpayer Relief Act of 1997 and named after Senator William V. Roth from Delaware. Roth IRAs are non-deductible accounts that feature tax-free withdrawals for certain distribution reasons after a five-year holding period. These instructions are designed to help you determine if you are eligible to establish a Roth IRA by contribution, transfer, or conversion. In Section 2 of the Roth IRA Application there are several questions you need to answer. If you can answer “yes” to each of the questions in Section 2, then you may be eligible to establish a new Roth IRA, transfer a Roth IRA into another Roth IRA, or convert a traditional IRA into a Roth IRA. If you answer “no,” to any of these questions then the transfer, rollover, or establishment of new Roth IRA most likely may not occur.

There may be other reasons why you may not be able to set up a Roth IRA. We recommend you consult your tax or legal adviser before establishing a Roth IRA. We assume no responsibility for verifying your eligibility for a Roth IRA.

In addition, the IRS is likely to issue regulations further explaining the rules regarding Roth IRAs. You should also consider that some changes to the law are likely. **We recommend that you contact the IRS for any amendments that may have been made to the Taxpayer Relief Act of 1997 affecting Roth IRAs.**

The following information may be helpful when completing Section 2 of the Roth IRA application.

New Roth IRA.

I. Contributions.

Do you have earned income during the year which you would like to save for your retirement? You or your spouse must have earned income to establish or make contributions to a Roth IRA.

If you are a single taxpayer, is your Modified Adjusted Gross Income less than \$95,000? If so, you may make a full \$4,000 contribution to your new Roth IRA. If your income is between \$95,000 and \$110,000, you are eligible for a partial contribution. If your income is more than \$110,000, you are not eligible for a contribution.

If you are married filing a joint return, is your Modified Adjusted Gross Income less than \$150,000? If so, you may make a full \$4,000 contribution to your new Roth IRA. If your income is between \$150,000 and \$160,000, you are eligible for a partial contribution. If your income is more than \$160,000, you are not eligible for a contribution. Please consult your tax adviser for more information regarding income limitations.

II. Transfer from another Roth IRA.

You are permitted to transfer your Roth IRA assets from another custodian to the Johnson Mutual Funds Trust. If you complete a transfer of your Roth IRA assets, your five-year holding period shall continue uninterrupted.

Are you having the Johnson Mutual Funds contact your prior custodian to liquidate and transfer your assets? Are you contacting your prior custodian to liquidate your assets and make the check payable to Johnson Mutual Funds, For Your Benefit? If yes, you are eligible for a transfer. You are not subject to taxes on the amount you transfer from one Roth IRA into another Roth IRA.

III. 60-Day Roth IRA Rollover.

Are you completing this investment within 60 days of receipt of a distribution that was made payable to you? If yes, you may be eligible for a 60 day rollover. A rollover occurs when you take a distribution (with the check payable to you) of your Roth IRA assets and roll them into another Roth IRA within sixty calendar days from the date of receipt. If you retain the assets for any period

beyond the sixty days, the rollover is no longer allowed. The 60 day period is extended to 120 days in the case of a first home distribution when a delay in construction occurs.

Is this your only distribution from this Roth IRA to be rolled over in the past 12 months? If yes, you may be eligible for the rollover. You are only allowed one rollover per account per 12 month period. You are not subject to taxes on the amount you roll from one Roth IRA into another Roth IRA. The one per twelve-month rule does not apply to the case of a first-homebuyer distribution where a delay in construction occurs.

Some less common problems in rollovers from Roth IRAs also occur. For instance, non-spouse beneficiaries are not allowed to roll Roth IRA assets received as a beneficiary into their own Roth IRAs.

Conversion from a Traditional IRA to a Roth IRA.

Consultation with your legal counsel or tax professional is particularly recommended for a conversion from a traditional IRA to Roth IRA given the dramatic tax consequences and the lack of guidance from the IRS available at this time. Before completing a conversion you should carefully consider the tax consequences. The following information may help you in determining if you are eligible for a conversion, and if so, what the tax ramifications will be.

Is your Modified Adjusted Gross Income less than \$100,000? If yes, you may be eligible for the conversion. Conversion from a traditional IRA into a Roth IRA also requires that the assets be initially covered under an Individual Retirement Account or Individual Retirement Annuity.

Did you complete the conversion before January 1, 1999? If yes, you are eligible for special tax treatment. The conversion from a traditional IRA into a Roth IRA is considered a taxable event. You will be subject to taxation upon receiving a distribution and completing the conversion. The law, however, allows for special tax treatment if you performed the conversion in 1998. The taxable distribution amount converted must be included in taxable income over the four-year period beginning with 1998, assuming you complete the rollover before January 1, 1999. The amount rolled into the Roth IRA will from that point forward receive the benefits of the Roth IRA. Conversions occurring in

1999 or thereafter will be fully taxed in the year of rollover or conversion.

A qualified conversion contribution from a traditional IRA into a Roth IRA is not subject to the ten percent premature distribution penalty normally associated with IRA distributions. If you take a distribution from your traditional IRA before you reach the age of 59 ½ you may owe, in addition to regular income taxes, a ten percent excise tax (premature distribution penalty) on the taxable amount of the distribution. A conversion into a Roth IRA is an exception to this ten percent premature distribution penalty. See IRS Publication 590 for a more complete discussion on the ten percent premature distribution penalty.

If you are over age 70 ½, you are not allowed to convert the amount of your required minimum distribution from a traditional IRA. Whether this rule applies to rollovers into Roth IRAs is not clear at this time. The conservative approach is to remove the amount of your required minimum distribution and only roll over or convert the remaining assets.

For new accounts, the five-year holding period for Roth IRAs commences in the taxable year of the conversion contribution from the traditional IRA. In other words, you will not receive credit towards the five-year holding period for the period of time the assets were held in your traditional IRA.

A conversion from a traditional IRA into a Roth IRA does not count as a traditional IRA owner's one rollover per twelve month limitation. Instead of taking a distribution of your traditional IRA assets and then rolling over the amount distributed, you may direct your IRA Custodian to convert the traditional IRA into a Roth IRA. The tax results of conversion are identical to an actual rollover. The difference is that in a conversion you will not physically take an actual distribution of the assets and roll them over. Instead, your custodian will simply convert your traditional IRA into a Roth IRA. If your traditional IRA is held by another custodian, we may request that the funds be sent directly to us to complete a conversion.

The Custodian of your traditional IRA or Roth IRA will be required to provide a notice to the IRS to report amounts required to be included in your gross income.