

## SECURE 2.0 ACT

### SEC. 126. SPECIAL RULES FOR CERTAIN DISTRIBUTIONS FROM LONG-TERM QUALIFIED TUITION PROGRAMS TO ROTH IRAS.

(a) IN GENERAL.—Paragraph (3) of section 529(c) is amended by adding at the end the following new subparagraph:

“(E) SPECIAL ROLLOVER TO ROTH IRAS FROM LONG-TERM QUALIFIED TUITION PROGRAMS.—

“(i) IN GENERAL.—In the case of a distribution from a qualified tuition program of a designated beneficiary which has been maintained for the 15-year period ending on the date of such distribution, subparagraph (A) shall not apply to so much the portion of such distribution which—

“(I) does not exceed the aggregate amount contributed to the program (and earnings attributable thereto) before the 5-year period ending on the date of the distribution, and

“(II) is paid in a direct trustee-to-trustee transfer to a Roth IRA maintained for the benefit of such designated beneficiary.

“(ii) LIMITATIONS.—

“(I) ANNUAL LIMITATION.—

Clause (i) shall only apply to so much of any distribution as does not exceed the amount applicable to the designated beneficiary under section 408A(c)(2) for the taxable year (reduced by the amount of aggregate contributions made during the taxable year to all individual retirement plans maintained for the benefit of the designated beneficiary).

“(II) AGGREGATE LIMITATION.—

This subparagraph shall not apply to any distribution described in clause (i) to the extent that the aggregate amount of such distributions with respect to the designated beneficiary for such taxable year and all prior taxable years exceeds \$35,000.”.

(b) TREATMENT UNDER ROTH IRA RULES.—

(1) IN GENERAL.—Paragraph (1) of section 408A(e) is amended—

(A) by striking the period at the end of subparagraph (B) and inserting “, and”,

(B) by inserting after subparagraph (B) the following new subparagraph:

“(C) from a qualified tuition program to the extent provided in section 529(c)(3)(E).”, and

(C) by adding at the end the following new sentence: “The earnings and contributions of any qualified tuition program from which a qualified rollover contribution is made under subparagraph (C) shall be treated in the same manner as the earnings and contributions of a Roth IRA from which a qualified rollover contribution is made under subparagraph (A).”.

(2) APPLICATION OF CONTRIBUTION LIMITATIONS.—

(A) IN GENERAL.—Section 408A(c)(5)(B) is amended—

by striking “A qualified rollover contribution” and inserting the following:

“(i) IN GENERAL.—A qualified rollover contribution”, and

by adding at the end the following:

“(ii) EXCEPTION FOR ROLLOVERS FROM QUALIFIED TUITION PROGRAMS.—Clause (i) shall not apply to any qualified rollover contribution described in sub-section (e)(1)(C).”.

(B) WAIVER OF ROTH IRA INCOME LIMITATION.—Section 408A(c)(3) is amended by adding at the end the following new subparagraph: “(E) SPECIAL RULE FOR CERTAIN TRANSFERS FROM QUALIFIED TUITION PROGRAMS.—

The amount determined under subparagraph shall be increased by the lesser of—

“(i) the amount of contributions described in section 529(c)(3)(E) for the tax-able year, or

“(ii) the amount of the reduction determined under such subparagraph (determined without regard to this subparagraph).”.

(c) REPORTING.—Section 529(d) is amended—

(1) by striking “Each officer” and inserting the following:

“(1) IN GENERAL.—Each officer”,

(2) by striking “by this subsection” and inserting “by this paragraph”, and

(3) by adding at the end the following new paragraph:

“(2) ROLLOVER DISTRIBUTIONS.—In the case of any distribution described in subsection (c)(3)(E), the officer or employee having control of the qualified tuition program (or their designee) shall provide a report to the trustee of the Roth IRA to which the distribution is made. Such report shall be filed at such time and in such manner as the Secretary may require and shall include information with respect to the contributions, distributions, and earnings of the qualified tuition program as of the date of the distribution described in subsection (c)(3)(A), together with such other matters as the Secretary may require.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to distributions after December 31, 2023.