

# How To Report Backdoor Roth In TurboTax

posted on DECEMBER 30, 2018

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Updated on December 30, 2018 with new screenshots from TurboTax Online 2018. If you use other tax software, see:

- [How To Report Backdoor Roth In H&R Block Software](#)
- [How To Report Backdoor Roth In TaxACT](#)
- [How to Report Backdoor Roth In FreeTaxUSA](#)

If you did a Backdoor Roth, which involves making a non-deductible contribution to a Traditional IRA and then converting from the Traditional IRA to a Roth IRA, you need to report both the contribution and the conversion in the tax software. For more information on Backdoor Roth, see [Backdoor Roth: A Complete How-To](#).

## What To Report

You report on the tax return your contribution to a Traditional IRA *\*for\** that year and your converting to Roth *\*during\** that year.

For example when you are doing your tax return for year X, you report the contribution you made *\*for\** year X, whether you actually did it during year X or between January 1 and April 15 of the following year. You also report your converting to Roth *\*during\** year X, whether the contribution was made for year X, the year before, or any previous years. Therefore a *contribution* made during the following year for year X goes on the tax return for year X. A *conversion* done during year Y after you made a contribution for year X goes on the tax return for year Y.

You do yourself a big favor and avoid a lot of confusion by doing your contribution for the current year and finish your conversion in the same year. Don't wait until the following year to contribute for the previous year. Contribute for year X in year X and convert it during year X. Contribute for year Y in

year Y and convert it during year Y. This way everything is clean and neat. If you are already off by one year, catch up. Contribute for both the previous year and the current year, then convert the sum during the same year. See [Make Backdoor Roth Easy On Your Tax Return](#).

# TurboTax

The screenshots below are from [TurboTax Online](#). If you use TurboTax installed on your computer, the screens may be similar. Here's the scenario we will use as an example:

*You contributed \$5,500 to a traditional IRA in 2018 for 2018. Your income is too high to claim a deduction for the contribution. By the time you converted it to Roth IRA, also in 2018, the value grew to \$5,560. You have no other traditional, SEP, or SIMPLE IRA after you converted your traditional IRA to Roth.*

If your scenario is different, you will have to make some adjustments from the screens shown here.

Before we start, suppose this is what TurboTax shows:

FEDERAL REFUND  
(in progress) **\$2,590** Hide

We will compare the results after we enter the backdoor Roth.

## Convert Traditional IRA to Roth

The tax software works on income items first. Even though the conversion happened after the contribution, we enter the conversion first.

When you convert from Traditional IRA to Roth, you will receive a **1099-R** form. Complete this section only if you converted \*during\* the year for which you are doing the tax return. If you only converted during the following year and you don't have a 1099-R yet, skip this section and wait until the next year.

In our example, we assume by the time you converted, the money in the Traditional IRA had grown from \$5,500 to \$5,560.

## Your 1099-R

We'll cover any income, [rollovers](#) or [conversions](#) reported on Form 1099-R,

- IRAs [More Info](#)
- 401(k)s [More Info](#)
- Annuities [More Info](#)
- Military pensions [More Info](#)
- Pension plans [More Info](#)
- Life insurance proceeds [More Info](#)
- Disability payments [More Info](#)

**Important:** If you put money **into a retirement account**, such as a 401(k), IRA, or 529 plan, this area. [Learn More](#)

[Why would I get a 1099-R?](#)

**Did you have any of these types of income in 2018?**

- Yes**
- No**

As you work through the interview, you will eventually come to the point to enter the 1099-R. Select Yes, you this type of income. Import the 1099-R if you'd like. I'm choosing to type it myself.

# Tell Us Which 1099-R You Have

If you have more than one 1099-R, we'll enter them one at a time.

- Form 1099-R, withdrawal of money from 401(k) retirement plans, pensions, IRAs, etc.
- CSA-1099-R, Civil Service annuity
- CSF-1099-R, Civil Service survivor annuity
- RRB-1099-R, Railroad Retirement Board annuities or pensions
  
- I need to prepare a **substitute 1099-R**. [Learn More](#)

Just the regular 1099-R.

1 - Gross Distribution <a href="#">Learn More</a>	<input type="text" value="5,560"/>
2a - Taxable Amount <a href="#">Learn More</a>	<input type="text" value="5,560"/>
2b - Check Boxes <a href="#">Learn More</a>	<input checked="" type="checkbox"/> Taxable amount not determined <input type="checkbox"/> Total distribution
3 - Capital Gain (Included in Box 2a)	<input type="text"/>
4 - Federal Income Tax Withheld	<input type="text"/>
5 - Employee Contributions / Designated Roth Contributions or Insurance Premiums <a href="#">Learn More</a>	<input type="text"/>
6 - Net Unrealized Appreciation	<input type="text"/>
7 - Select a code(s) that <b>matches Box 7</b> on your 1099-R <a href="#">Learn More</a>	<input type="text" value="2-Early distribution (except Roth)."/> <input type="text" value="(No entry)"/>
<input checked="" type="checkbox"/> The <b>IRA/SEP/SIMPLE</b> box is checked on my copy of the 1099-R	

Pay attention to the code in Box 7 and the checkboxes. My 1099-R had Box **2b** checked, code **02** in Box 7 and the IRA/SEP/SIMPLE box also checked.

# Good News: You Don't Owe Extra Tax on This Money

## IRA Custodian

Based on your entry for box 7 on your 1099-R, you don't need to pay any extra taxes on the money taken out of this account. [Learn More](#).

You get this *Good News*, but ...

FEDERAL REFUND  
(in progress) **\$1,256** [Hide](#)

Your refund in progress drops a lot. We went from \$2,590 down to \$1,256. **Don't panic. It's normal and temporary.**

## Did You Inherit the IRA from IRA Custodian?

Yes

No

Didn't inherit it.

## What Did You Do With The Money From IRA Custodian?

- I moved the money to another retirement account (or returned it to the same retirement account).
- I did something else with it (cashed out, etc.).

Choose which of the following applies:

- I [rolled over](#) all of this money to another traditional IRA or other retirement account (or returned it to the same account).
- I [converted](#) all of this money to a Roth IRA account.
- I did a combination of rolling over, converting, or cashing out the money.

First click on "I moved ..." then click on "I converted all ..."

# Your 1099-R Entries

Here's what we have so far. You can **add**, **edit** (change) or **delete** forms.

PAID BY	GROSS DIST. (BOX 1)
IRA Custodian	\$5,560.00
<b>Total Withdrawals</b>	<b>\$5,560.00</b>

[+ Add Another 1099-R](#)

You get a summary of your 1099-R's. Add another if you have more than one.

## Did you take a Qualified Disaster Distribution in 2016?

If you're not sure, check whether Form 8915A was part of your 2016 return. Form 8915A is used for 2016 Qualified Disaster Distributions. If your 2016 return was amended, this question applies to your most recently accepted amendment.

- Yes, I had a Qualified Disaster Distribution in 2017.
- No, I didn't have a Qualified Disaster Distribution.

Not impacted by a disaster.

## Did you Repay Any 2016 Hurricane Distribution in 2018?

Now we need to know if you repaid any of your hurricane distribution in **2018**. This does **not include** repayments you reported **on your 2017 return**, even if you made the actual repayment in 2018.

Repayment made to a traditional IRA, Roth IRA, SEP, or SIMPLE plan

Repayment made to any other type of retirement plan

No hurricane distribution either.

## Any Nondeductible Contributions to Your IRA?

Let us know if you made and kept track of any [nondeductible contributions](#) to your traditional IRA from 2017 or prior years. (This is not common.)

Most people **do not** make or track any nondeductible contributions to their IRAs.

- Yes**, I made and tracked nondeductible contributions to my IRA.
- No**, I did not make and track nondeductible contributions to my IRA.

Choose Yes if this isn't the first year of your doing this.

## Let's Find Your IRA Basis

We transferred the **total basis** in your traditional IRAs for all years through 2017. Correct the amount below, if needed. [Learn More](#)

Total Basis as of December 31, 2017

TurboTax carries over your basis from the previous year.

## Tell Us the Value of Your Traditional IRA

Enter the total **value** of all of your traditional IRA, SEP, and SIMPLE IRA accounts on December 31, 2018. This information is sent by mail on Form 5498. Do not include ROTH IRAs.

Enter any outstanding 2018 **rollovers** and **recharacterizations** that were not completed until 2019.

**Value** of your Traditional, SEP, and SIMPLE IRAs on **December 31, 2018**

Outstanding Rollovers

[Learn More](#)

Outstanding Recharacterizations

[Learn More](#)

Enter the values at the end of the year. We don't have anything after we converted it all.

That's it so far on the income side. Continue with other income items. The refund in progress is still temporarily depressed. Don't worry. It will change.

# Non-Deductible Contribution to Traditional IRA

Now we enter the non-deductible contribution to a Traditional IRA \*for\* the year we are doing the tax return. Complete this part whether you contributed before December 31 or you did it or are planning to do it in the following year between January 1 and April 15. If your contribution during the year in question was for the year before, make sure you entered it on the previous tax return. If not, fix your previous return first.

## Traditional IRA and Roth IRA

Select the kind of IRA(s) you own or will contribute to for 2018. If you own or contribute to both a traditional IRA and a Roth IRA, check both here, and we'll work on your traditional IRA first.

**Note:** If you received money from your IRA, go back to **Wages & Income** and enter it in the Retirement Plans section.

- Traditional IRA [Learn More](#)
- Roth IRA [Learn More](#)
- None of the above

Remember, you have until April 15, 2019 to contribute to an IRA. [Learn More](#)

Check the box for **Traditional IRA**.

## Did you Contribute To a Traditional IRA?

Tell us if you made a contribution to a traditional IRA **for 2018**. [Learn More](#)

**Note:** Answer **Yes** if you plan to make a **regular contribution** by **April 15, 2019**, or if you contributed to a traditional IRA and **later transferred some or all of that money to a Roth IRA**.

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Yes

No

Double-confirm you contributed to a Traditional IRA.

## Is This a Repayment of a Retirement Distribution?

Was the contribution a **repayment** of money previously taken out of a retirement plan? In other words, are you returning money back to your retirement plan after you took a distribution? (This is not common) [Learn More](#)

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Yes No



It was not a repayment of a retirement distribution.

## Tell Us How Much You Contributed

Enter the **total amount** you put into a **traditional IRA** for 2018, even if you later transferred some or all of it to a Roth IRA. [Learn More](#)

**Note:** Do not enter any of the following here:

- Rollovers [Learn More](#)

Your total 2018 traditional IRA contributions

Tell us how much of the above total contribution for 2018 you contributed between January 1, 2019 and April 15, 2019

Enter the contribution amount. If you contributed in the following year before April 15 for the previous year, enter the contribution in both boxes.

FEDERAL REFUND  
(in progress) **\$2,576** [Hide](#)

Right away our federal refund in progress went back up! It was \$2,590. Now it's \$2,576. The \$14 difference is for paying tax on the \$60 in earnings. But we are not done yet ...

## Did You Change Your Mind?

Tell us if you switched, or "recharacterized" any of the \$5,500 traditional IRA **contribution** for 2018 over to a Roth IRA **contribution**. [Learn More](#)

[What's the difference between a conversion and a recharacterization?](#)

**Note:** "Switched" or "recharacterized" does not mean converted or rolled over.

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Yes

No

**This is a critical question.** Answer "no." You converted the IRA, not recharacterized or switched.

## Any Excess IRA Contributions Before 2018?

Tell us if you contributed more money to your IRA than was allowed **in 2017 or any previous year**. [Learn More](#)

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Yes

No

No excess contribution.

## Any Nondeductible Contributions to Your IRA?

Let us know if you made and kept track of any [nondeductible contributions](#) to your traditional IRA from 2017 or prior years. (This is not common.)

Most people **do not** make or track any nondeductible contributions to their IRAs.

- Yes**, I made and tracked nondeductible contributions to my IRA.
- No**, I did not make and track nondeductible contributions to my IRA.

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Continue

Same question we saw before. If you made non-deductible contribution for previous years, answer *Yes*; otherwise answer *No*.

## Let's Find Your IRA Basis

We transferred the **total basis** in your traditional IRAs for all years through 2017. Correct the amount below, if needed. [Learn More](#)

Total Basis as of December 31, 2017

0.

Total basis through the previous year. If you started fresh, enter zero. If you contributed non-deductible for previous years (regardless when), enter the number on line 14 of your Form 8606 from last year.

## Tell Us the Value of All Your Traditional IRA Accounts

Enter or verify the **value** (ending balance amount) of all of your traditional IRA accounts on December 31, 2018. This information is sent by mail on Form 5498.

Include any IRA contributions you made or will make in 2019 for 2018.

Include any IRA distributions you made in 2017. The amount you enter must be at least the amount of your distributions.

**Value** of your Traditional IRAs on **December 31, 2018**

0

If we converted it all, we don't have anything left at the end of the year.

## Income Too High To Deduct an IRA Contribution

Your [modified adjusted gross income](#) (MAGI) is \$150,060, which puts you **over the limit** for IRA deductions. To deduct a contribution, you can't have a MAGI of **over \$73,000** while being covered by a retirement plan at work. [Learn More](#)

Income too high, we know. That's why we did the backdoor Roth.

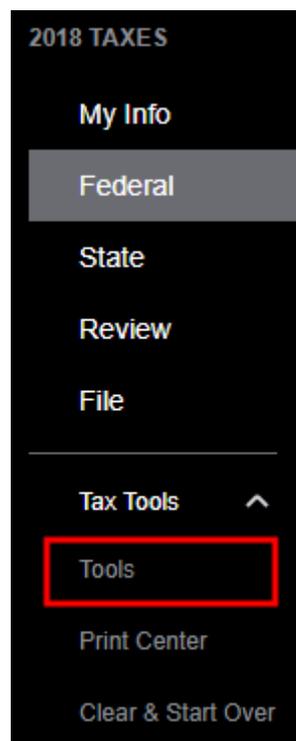
### Why do I need to upgrade?

**Schedule 1** is a new tax form provided by the IRS to report your traditional IRA contributions, which you are required to report. This tax form is not available in Free Edition, but is covered in Deluxe.

If you are using the TurboTax Free Edition, you must upgrade to Deluxe or above at this point. There's no way to continue. [FreeTaxUSA is able to do it for free.](#)

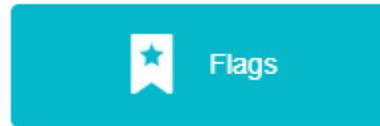
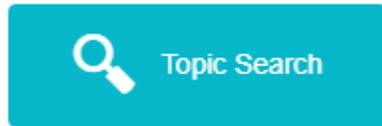
# Taxable Income from Backdoor Roth

After going through all these, would you like to see how you are taxed on the Backdoor Roth?



Look at the left hand side. Expand *Tax Tools*, and then click on *Tools*.

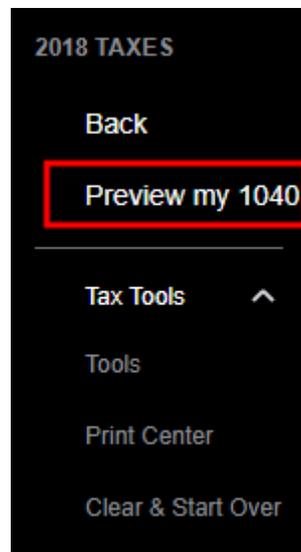
# Tools Center



## Other helpful links...

- [View Tax Summary](#)
- [Clear & Start Over](#)
- [Delete a form](#)
- [Save your 2018 return to your computer](#)
- [Transfer last year's TurboTax return from your computer](#)
- [File an extension](#)
- [Share my file with Agent](#)

Click on *View Tax Summary*.



Look at the left hand side again. Click on *Preview my 1040*.

1040 Postcard, Line 4		QuickZoom	
IRA distributions	<input type="text"/>	5,560.	<input type="text"/>
Taxable amount (see instructions)	<input type="text"/> <input type="text"/>	<input type="text"/>	60.
Pensions and annuities	<input type="text"/>	<input type="text"/>	<input type="text"/>
Taxable amount (see instructions)	<input type="text"/>	<input type="text"/>	<input type="text"/>

Scroll down to *1040 Postcard, Line 4*. The line for *IRA distributions* shows \$5,560. That's the amount you converted to Roth. The line below shows \$60 as the taxable amount. That's the earning between the time you contributed to your Traditional IRA and the time you converted it to Roth. TurboTax will also generate a Form 8606 when you file, which you will be able to see after you pay the TurboTax fee.

Tah-Dah! You got money into a Roth IRA through the backdoor when you aren't eligible for contributing to it directly. That's why it's called a Backdoor Roth. You will pay tax on a small amount of earnings if you waited between contributions and conversion. That's negligible relative to the benefit of having tax-free growth on your contributions for many years.

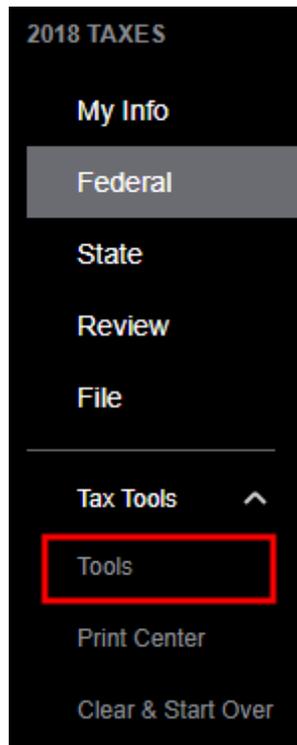
If you find this article helpful and you would like to contribute something to the [tip jar](#), I thank you for your generosity.

## Troubleshooting

If you followed the steps and you are not getting the expected results, here are a few things to check.

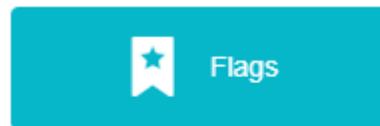
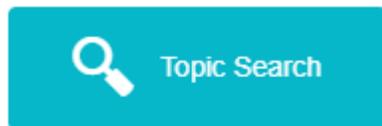
## Fresh Start

It's best to follow the steps fresh in one pass. If you already went back and forth with different answers before you found this guide, some of your previous answers may be stuck somewhere you no longer see. You can delete them and start over.



Click on *Tools* under *Tax Tools* in the left pane.

## Tools Center



### Other helpful links...

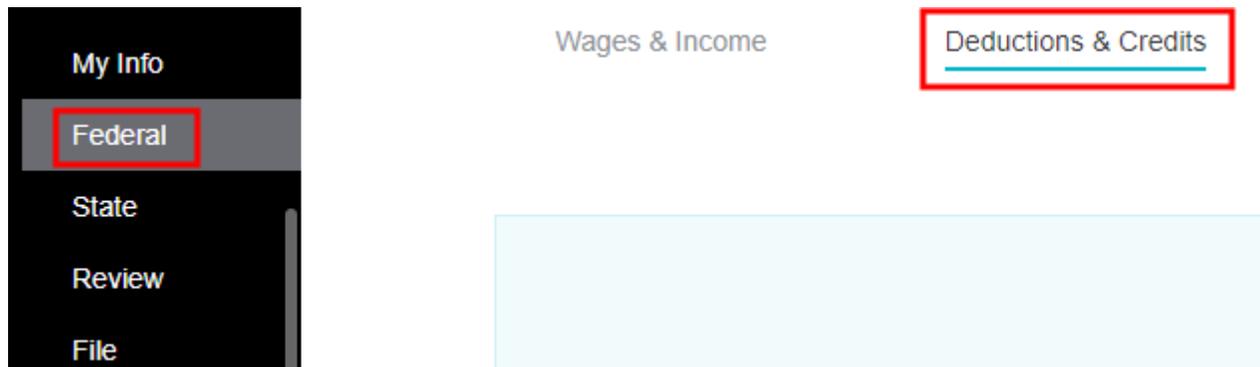
- [View Tax Summary](#)
- [Clear & Start Over](#)
- [Delete a form](#)
- [Save your 2018 return to your computer](#)
- [Transfer last year's TurboTax return from your computer](#)
- [File an extension](#)

Click on *Delete a form*.

## FEDERAL Return

1040 Wks	<a href="#">Delete</a>
Form 1040	<a href="#">Delete</a>
Federal Information Worksheet	- this form cannot be deleted.
Personal Worksheet (Harry)	<a href="#">Delete</a>
Form W-2 (MegaCorp)	<a href="#">Delete</a>
State Tax Refund Worksheet	<a href="#">Delete</a>
Form 1099-R (IRA Custodian)	<a href="#">Delete</a>
<b>IRA Contributions Worksheet</b>	<a href="#">Delete</a>
IRA Information Worksheet	<a href="#">Delete</a>
Earned Income Worksheet	<a href="#">Delete</a>

Delete the *IRA Contributions Worksheet* and then confirm you'd like to delete that worksheet.



Go back to the IRA contributions part by clicking on *Federal* in the left pane, and then *Deductions & Credits* on top.

## W-2 Box 13

Make sure the Retirement plan box in Box 13 of the W-2 you entered into the software matches your actual W-2. If you are married and both of you have a W-2, make sure your entries for both W-2's match the actual forms you received.

When you are not covered by a retirement plan at work, such as a 401k or 403b plan, your Traditional IRA contribution may be deductible, which also makes your Roth conversion taxable.

# Self vs Spouse

If you are married, make sure you don't have the 1099-R and IRA contribution mixed up between yourself and your spouse. If you inadvertently entered two 1099-Rs issued to you instead of one for you and one for your spouse, the second 1099-R to you will not match up with a Traditional IRA contribution made by your spouse. If you entered a 1099-R for both yourself and your spouse but you only entered one Traditional IRA contribution, you will be taxed on one 1099-R.

# Say No To Management Fees

If you are paying an advisor a percentage of your assets, you are paying 5-10x too much. Learn how to find an independent advisor, pay for advice, and only the advice.

[Find Advice-Only.](#)

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