

SEC. 824. ALLOW DIRECT ROLLOVERS FROM RETIREMENT PLANS TO ROTH IRAS.

(a) **IN GENERAL.**—Subsection (e) of section 408A of the Internal Revenue Code of 1986 (defining qualified rollover contribution) is amended to read as follows:

“(e) **QUALIFIED ROLLOVER CONTRIBUTION.**—For purposes of this section, the term ‘qualified rollover contribution’ means a rollover contribution—

“(1) to a Roth IRA from another such account,

“(2) from an eligible retirement plan, but only if—

“(A) in the case of an individual retirement plan, such rollover contribution meets the requirements of section 408(d)(3), and

“(B) in the case of any eligible retirement plan (as defined in section 402(c)(8)(B) other than clauses (i) and (ii) thereof), such rollover contribution meets the requirements of section 402(c), 403(b)(8), or 457(e)(16), as applicable.

For purposes of section 408(d)(3)(B), there shall be disregarded any qualified rollover contribution from an individual retirement plan (other than a Roth IRA) to a Roth IRA.”.

(b) **CONFORMING AMENDMENTS.**—

(1) Section 408A(c)(3)(B) of such Code, as in effect before the Tax Increase Prevention and Reconciliation Act of 2005, is amended—

(A) in the text by striking “individual retirement plan” and inserting “an eligible retirement plan (as defined by section 402(c)(8)(B))”, and

(B) in the heading by striking “IRA” the first place it appears and inserting “ELIGIBLE RETIREMENT PLAN”.

(2) Section 408A(d)(3) of such Code is amended—

(A) in subparagraph (A), by striking “section 408(d)(3)” inserting “sections 402(c), 403(b)(8), 408(d)(3), and 457(e)(16)”,

(B) in subparagraph (B), by striking “individual retirement plan” and inserting “eligible retirement plan (as defined by section 402(c)(8)(B))”,

(C) in subparagraph (D), by inserting “or 6047” after “408(i)”,

(D) in subparagraph (D), by striking “or both” and inserting “persons subject to section 6047(d)(1), or all of the foregoing persons”, and

(E) in the heading, by striking “IRA” the first place it appears and inserting “ELIGIBLE RETIREMENT PLAN”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2007.