



Roth IRA Conversion

One of the most talked about tax planning ideas today, but is it right for you?

Benefits of a Roth IRA?

- 100% of growth is tax-exempt
- No required minimum distributions at age 72
- Qualified distributions are tax-free

Why Now?

- Under the CARES Act, all inherited IRA's are subject to the 10-year required minimum distributions rule
- Current income tax rates sunset in 2026 and taxes are expected to increase
- The Secure Act provides opportunities in 2020
- Your retirement assets may have significantly declined due to market declines

When Might A Roth Conversion Be A Good Idea?

- You expect to be in a higher tax bracket in retirement
- To maximize wealth transfer to your children because you won't need the money
- Your retirement account has lost value due to market declines
- You have money available outside of your retirement accounts to pay the taxes
- Do you have?
 - A 401(k) or a traditional/rollover IRA?
 - Unused charitable contributions
 - Current year ordinary losses
 - NOL's
 - AMT
 - Credit carryovers?

When Might It Be A Bad Idea?

- You expect to be in a lower tax bracket in retirement
- You don't have cash on hand to pay the taxes you'll owe
- You may need the money sooner than later or within 5 years of conversion

Summary

Roth Conversions can be a great retirement and tax-planning tool; however, the details and your personal situation matter a lot. Under current tax rules, conversions are permanent. No take-backs. Consider the above points and review the **Roth Conversion Decision Tree** on page 2.

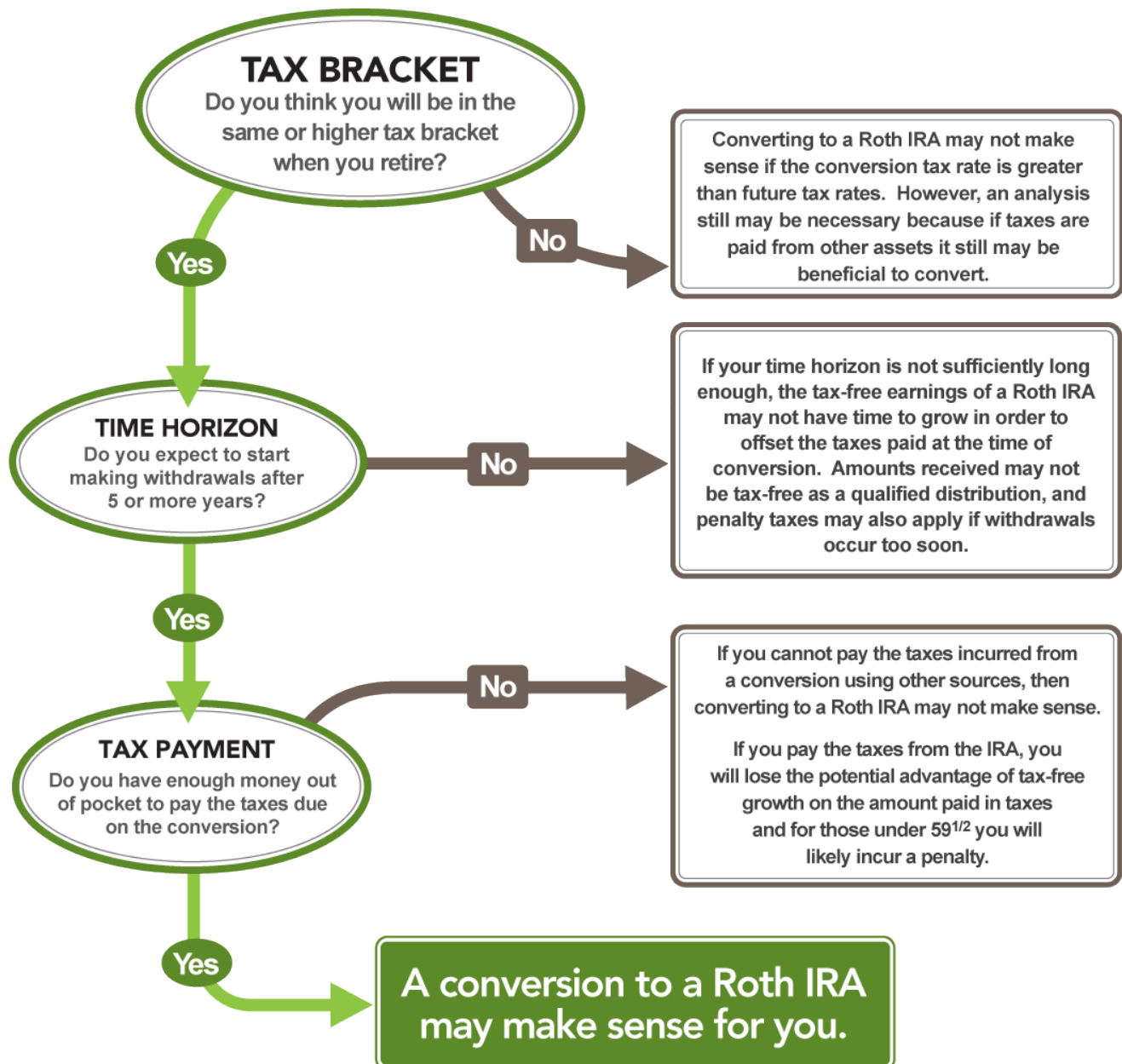
If you think a Roth Conversion might be a good idea this year, please contact us. We can walk you through a step-by-step process to help you decide if it's the right move in 2020 and beyond. And remember, either way, consult with your tax preparer in this decision.

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Roth Conversion Decision Tree

Convert Traditional IRA to Roth IRA

Use the decision tree to determine whether or not converting your traditional IRA to a Roth IRA may be right for you. *Source: eMoney*



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