

THINKING ABOUT A ROTH?

If your tax rate now is lower than what it will be later in life or in retirement, funding a Roth account might be right for you, since qualified Roth distributions are tax-free. If, for example, your tax rate now is 24% but you expect it to be 32% or higher later in your career or in retirement, why not pay the lower tax rate now, fund the Roth and save yourself money in the future?

BACKDOOR ROTH CONTRIBUTION

- Have income above Roth limits
- Anticipate higher income in retirement
- Have lower income in any particular year
- Have retired and are not yet taking RMDs
- Are between jobs
- Have substantial deductions (medical, charitable or other) in a given year
- Wish to leave their retirement account to children or other non-spouse beneficiary
- Are looking to reduce the value of their estate



THIS MIGHT BE BEST FOR INDIVIDUALS WHO

ROTH CONVERSION

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Maximum contribution of \$6,000 (\$7,000 if you will be at least 50 years old by the end of the year).

You or your spouse must have earned income to make a contribution.



STRATEGY SPECIFICS

You have the ability to convert up to the entire balance of your IRA account(s) in any tax year.

Neither you nor your spouse is required to have earned income in order to make a conversion.

No

If you have a \$0 IRA balance and convert the funds directly to your Roth IRA, this will not directly increase your tax liability; however, you will not be able to take the tax deduction associated with a deductible traditional IRA contribution.



WILL THIS INCREASE MY TAXABLE INCOME IN THE YEAR OF CONTRIBUTION/ CONVERSION?

Yes

Though your taxable income may increase in the current year, this strategy can be beneficial as its goal is to reduce your total taxes paid across your lifetime.



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