

A Retiree's Best Tax-Reducing Friend: The Roth Conversion

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Transfer assets from
your Traditional IRA/401k
into a Roth IRA



Typically done in early
retirement years, when
income is lowest

ROTH CONVERSIONS

Pros

Can result in more \$ for you
due to less taxes paid during
your lifetime

Can reduce impact of potential
future tax increases

Inheritance friendly



Cons

Work needed to calculate
optimum timing and conversion
amounts (your advisor will do
this for you)

Hurts to pay taxes voluntarily
and lower your net worth in
the near-term, even when the
math says you should

Always a risk of future law
changes to Roth accounts (not
expected, just never know)



BOULEVARD
CAPITAL MANAGEMENT

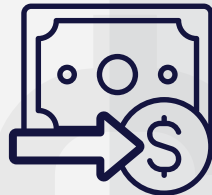
Traditional **VS** Roth Accounts

Traditional IRA / 401k

Roth IRA / 401k

Money In

Not Taxed



Taxed as Income

Earnings

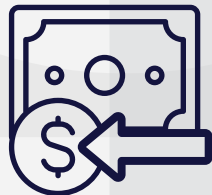
Not Taxed



Not Taxed

Money Out

Taxed as Income



Not Taxed

Required Minimum Distributions

Yes



No

As An Inheritance Vehicle

Beneficiaries generally have 10 years to withdraw funds from their inherited IRA; money taxed as income when withdrawn

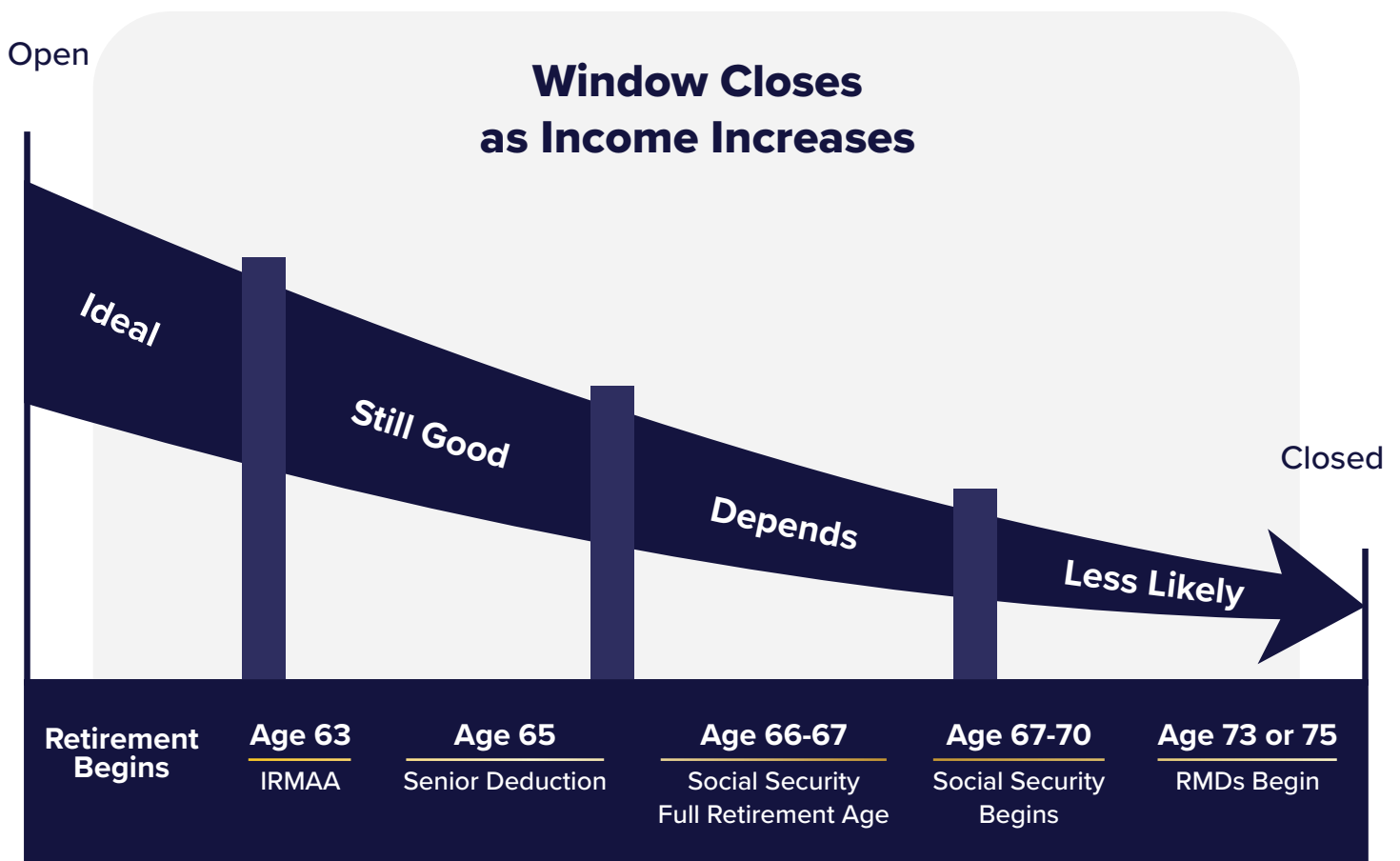


Beneficiaries generally have 10 years to withdraw funds from their inherited Roth IRA; money is not taxed as income when withdrawn



ROTH CONVERSION TIMING WINDOW

Roth Conversions Done While Income Is Low:
Typically After Retirement Starts and Before RMDs Begin



Traditional IRA account owners have considerations to make before performing a Roth IRA conversion. These primarily include income tax consequences on the converted amount in the year of conversion, withdrawal limitations from a Roth IRA, and income limitations for future contributions to a Roth IRA. In addition, if you are required to take a required minimum distribution (RMD) in the year you convert, you must do so before converting to a Roth IRA.