

If you previously earned too much to take advantage of tax-favored Roth IRAs, here's your chance.

Beginning January 1, 2010, the \$100,000 income restriction that has prevented many people from taking advantage of Roth IRA conversions is being eliminated. All taxpayers will be able to move their Traditional IRA, SIMPLE IRA, and retirement plan assets into a Roth IRA.

Why put money into a Roth IRA?

TAX-FREE INCOME FOR RETIREMENT!

For More Information

Please see one of our representatives for details on how to convert IRA or retirement plan savings to a Roth IRA.

Roth IRA Conversions

Doors Open Wide
to Roth IRAs



Not intended as tax advice. Please consult a tax professional.

How It Works:



What Makes a Roth IRA So Appealing?

Roth IRAs can provide tax-free income for you now and in retirement—and for your beneficiaries after your death. Roth IRA contributions are made after-tax and any taxable income resulting from a Roth conversion is taxed in the year of conversion, so you can withdraw your contributions tax-free* at any time. Once the Roth IRA has been open for at least five years, you can withdraw the contributions and any earnings tax- and penalty-free if you are 59½ or older, disabled, buying a first home, or you are the Roth IRA beneficiary.

Look at the difference this tax benefit can make compared to a Traditional IRA.

*Penalties may apply.

Tax Relief for 2010 Conversions

The law provides a special tax rule for 2010 conversions. You have the option to pay the entire tax for 2010, or spread the taxation over 2011 and 2012.

Conversion Example

IRA Holder Date of Birth	11-20-1969
Conversion Year	2010
Anticipated Retirement Age	67
Conversion Year Tax Rate	25%
Pre-Retirement Tax Rate	25%
Anticipated Retirement Tax Rate	25%
Conversion Amount (all pretax)	\$50,000
Rate of Return	6.0%
Pay \$12,500 Conversion Tax Out-of-Pocket	Yes

Results: Distribution (After Taxes) at Age 67

Traditional IRA	\$170,601.86
Roth IRA	\$227,469.15

Should You Convert?

The income restrictions for making annual Roth IRA contributions still apply, so if you're not eligible to make annual contributions, converting may be your only way into a Roth IRA. To ensure that all of your retirement assets continue to grow, try to pay the conversion taxes from sources outside of your retirement savings, such as from a savings account.

If moving money to a Roth IRA is your goal, but you have concerns about paying the tax, talk to your financial or tax advisor to create a long-term plan. You don't have to convert your entire account in one year. You can move some of your savings each year until you meet your goal, or you may choose to wait until you are in a lower tax bracket to convert.