



FLAGSHIP FINANCIAL
ADVISORS

THE ROTH CONVERSION CHECKLIST

Is It Right for You?





INTRODUCTION

➤ Introduction

Considering a Roth conversion to help enhance your retirement strategy? A Roth conversion involves moving funds from a traditional IRA or 401(k) into a Roth IRA, helping to enable tax-free growth and withdrawals in the future. This strategic move may help reduce your tax liability, boost your retirement income, and potentially add greater value to your savings, as well as the legacy you leave to your heirs.





Some of the key potential benefits of a Roth conversion include:

1. **Tax-free growth:** Once your funds are in a Roth IRA, they grow tax-free, potentially boosting your retirement savings.
2. **Tax-free withdrawals:** In retirement, you can withdraw money from your Roth IRA without paying taxes, potentially providing you with more spendable income.
3. **No required minimum distributions (RMDs):** Unlike traditional IRAs, Roth IRAs do not have RMDs, allowing your money to continue growing tax-free.
4. **Tax diversification:** Having both pre-tax and post-tax retirement accounts can help you manage your tax liability in retirement.

However, Roth conversions are not suitable for everyone. Factors such as your current tax bracket, expected future tax rate, retirement goals, and timeline all play a role in determining whether a Roth conversion is right for you.

This checklist is designed to help you evaluate your circumstances and decide if a Roth conversion aligns with your retirement savings plan. By going through each section and completing the action items, we believe you'll gain a clearer perspective on how a Roth conversion could benefit you and what steps you need to take to make an informed decision.

Let's get started on reviewing your retirement savings with the Roth Conversion Checklist!



Section 1: Understanding Your Current Retirement Savings

To determine whether a Roth conversion is right for you, it's important to have a clear understanding of your current retirement savings. Different types of retirement accounts come with varying tax treatments and benefits:

Traditional IRA: Contributions can be tax-deductible, and funds grow tax-deferred. However, withdrawals in retirement are taxed as ordinary income.

401(k): Employer-sponsored 401(k) plans allow you to contribute pre-tax dollars, which grow tax-deferred. Like traditional IRAs, you'll pay taxes on withdrawals in retirement.

Roth IRA: Contributions to a Roth IRA are made with post-tax dollars, but the funds grow tax-free, and you can make tax-free withdrawals in retirement.

Evaluating your current mix of retirement accounts is essential because it helps you understand the tax implications of your savings and how a Roth conversion could impact your overall financial plan. By gaining a clear view of your accounts and balances, you can make more informed decisions about whether a Roth conversion is a beneficial strategy for your specific situation.





Checklist items:

1. List all your current retirement, investment and savings account and balances:

Traditional IRA: \$ _____

401(k): \$ _____

Roth IRA: \$ _____

Other retirement accounts: \$ _____

Investment accounts: \$ _____

Checking/savings/CD accounts: \$ _____

2. Identify the tax treatment of each account (pre-tax or post-tax):

Traditional IRA: Pre-tax

401(k): Pre-tax

Roth IRA: Post-tax

Other retirement accounts: _____

Investment accounts: _____

Checking/savings/CD accounts: _____

Completing this section can help provide you with a comprehensive overview of your retirement savings, helping you make more informed decisions about your Roth conversion strategy. In the following section, we'll examine how your tax situation influences the suitability of a Roth conversion for your specific circumstances..





Section 2: Evaluating Your Tax Situation

Your tax situation is an important factor to consider when deciding if a Roth conversion is right for you. Converting funds from a traditional IRA or 401(k) to a Roth IRA means paying taxes on the converted amount, which will increase your taxable income for that year.

The impact on your tax situation depends on various factors, including your current tax bracket and your anticipated tax bracket in retirement. If you expect to be in a higher tax bracket during retirement, a Roth conversion could be advantageous, allowing you to pay taxes now at a lower rate. Conversely, if you anticipate being in a lower tax bracket in retirement, it may be more beneficial to keep your funds in a traditional IRA or 401(k) and pay taxes on withdrawals later. However, keep in mind that required minimum distributions (RMDs) after the age of 73, could push you into a higher tax bracket, which is also worth considering in your planning.

Factors to consider:

1. **Current tax bracket:** Your current marginal tax bracket determines the rate at which you'll pay taxes on the converted funds.
2. **Expected future tax bracket:** Your projected tax bracket in retirement influences whether paying taxes now (Roth conversion) or later (traditional IRA/401(k) withdrawals) is more beneficial.
3. **Upcoming changes to your tax situation:** Retirement, changes in income, or other life events can impact your tax situation and affect the suitability of a Roth conversion.



Checklist items:

1. Determine your current marginal tax bracket:

- Use your most recent tax return or consult with a tax professional to identify your current marginal tax bracket: _____%

2. Estimate your expected tax bracket in retirement:

- Consider factors such as projected retirement income, changes in tax laws, and relocating to a different state.
- Estimated retirement tax bracket: _____%

3. Consider any upcoming changes to your tax situation:

- Retirement: _____
- Change in income: _____
- Other life events: _____

By evaluating your tax situation, you can better understand how a Roth conversion might impact your finances both now and in retirement. This information can help you make a more informed decision about whether a Roth conversion aligns with your overall retirement savings strategy.





Section 3: Assessing Your Retirement Goals

Your retirement goals play an important role in determining whether a Roth conversion is a suitable strategy. Converting to a Roth IRA can support your retirement objectives by offering tax-free income, potentially boosting your savings, and providing greater flexibility in managing your finances.

When evaluating your retirement goals, consider factors like your target retirement age and desired lifestyle. Your retirement age influences how long your savings need to last and how much time you could have to benefit from the tax-free growth of a Roth IRA. Additionally, your anticipated lifestyle, including expenses and income needs, can help you determine if a Roth conversion can provide the funds necessary to support your goals.

Factors to consider:

1. Retirement age: Your target retirement age influences the length of time your savings need to last and the potential benefits of a Roth conversion.
2. Desired retirement lifestyle: Your anticipated expenses and income needs in retirement can help you assess whether a Roth conversion can support your goals. Major expenses or goals: Specific objectives, such as travel, healthcare costs, or leaving a legacy, can impact your retirement savings needs and the potential benefits of a Roth conversion.

Checklist items:

1. Define your target retirement age:

Ideal retirement age: _____

Earliest possible retirement age: _____ Latest

anticipated retirement age: _____



2. Estimate your desired annual income in retirement:

Basic living expenses: \$ _____

Discretionary spending (travel, hobbies, etc.): \$ _____

Total desired annual retirement income: \$ _____

Additional “dream retirement” desired annual income: \$ _____

3. Consider any major expenses or goals in retirement:

Travel: \$ _____

Healthcare costs: \$ _____

Leaving a legacy or inheritance: \$ _____

Other significant expenses: \$ _____

Evaluating your retirement goals can give you a clearer sense of how a Roth conversion might support your objectives. When combined with an understanding of your current retirement savings and tax situation, this insight is intended to help determine whether a Roth conversion is a suitable strategy for your specific needs.





Section 4: Timing Your Roth Conversion

Timing is an important factor when considering a Roth conversion. Strategic timing can help you utilize the benefits while helping to reduce potential drawbacks. By evaluating factors such as your age, years until retirement, anticipated spending rate, and market conditions, you can determine the most advantageous time to proceed with a Roth conversion.

One key consideration is whether you have sufficient funds to cover the taxes on the converted amount. Since a Roth conversion raises your taxable income for the year, it's important to ensure you can pay the tax liability without compromising your financial stability.

Your age and years until retirement also influence the timing of a Roth conversion. Generally, the earlier you convert funds to a Roth IRA, the more time you can have to benefit from tax-free growth. However, if you're closer to retirement, a conversion might still be beneficial if you expect to be in a higher tax bracket during retirement or if you aim to leave a potentially tax-free inheritance to your beneficiaries.

Market conditions can also play a role in the timing. Converting during a market downturn may allow you to pay taxes on a lower account balance, potentially reducing your tax liability. Additionally, the converted funds have the potential to grow tax-free as the market recovers.

Checklist items:

1. Determine if you have funds available to pay the taxes on a Roth conversion:

Estimate the tax liability associated with the conversion: \$_____

Identify sources of funds to pay the taxes (e.g., savings, non-retirement accounts): _____



2. Consider your age and years until retirement:

Current age: _____

Years until planned retirement: _____

Assess the potential benefits of a Roth conversion based on your age and retirement timeline

3. Assess current market conditions and the potential for growth in your converted funds:

Evaluate the current state of the market (e.g., bull market, bear market, volatility): _____

Consider the potential for long-term growth in your converted funds

Determine if you believe current market conditions are favorable for a Roth conversion

By carefully considering the timing of your Roth conversion, you can make a more informed decision about when and if to execute this strategy. Keep in mind that everyone's situation is unique, and it's essential to consult with a financial advisor familiar with in Roth conversions to help determine the appropriate timing for your specific circumstances



Section 5: Next Steps

Congratulations on completing the Roth Conversion Checklist! By going through each section, we believe you'll gain valuable insights into your current retirement savings, tax situation, retirement goals, and key timing considerations for a Roth conversion..

To recap, we've covered:

1. Understanding your current retirement savings mix and the tax treatment of each account type.
2. Evaluating your tax situation, including your current and expected future tax brackets
3. Assessing your retirement goals and how a Roth conversion might help you achieve them
4. Considering the timing of your Roth conversion based on factors such as age, years until retirement, and market conditions

While this checklist is designed to provide a solid foundation for understanding Roth conversions, it's important to remember that everyone's financial situation is unique. To help make the most informed decision about whether a Roth conversion is right for you, it's crucial to consult with a financial advisor who has experience in Roth conversions.

A knowledgeable financial advisor can help you:

- Analyze your specific financial situation and retirement goals
- Identify the potential benefits and drawbacks of a Roth conversion for your unique circumstances
- Develop a customized Roth conversion strategy that aligns with your overall retirement savings plan
- Navigate the complex tax implications and help to ensure that you execute your Roth conversion in an advantageous manner



Take the next step in managing your retirement savings by scheduling a Roth Conversion Review appointment. During this consultation, we'll review your completed checklist, discuss your specific needs and concerns, and create a tailored plan that is designed to help you better manager your retirement savings.

We recommend that you take advantage of the opportunity to gain knowledgeable guidance with a goal of helping you unlock the full potential of aRoth conversion for your retirement. Contact Flagship Financial Advisors or visit www.flagshipfinancialadvisor.com to schedule your Roth Conversion Review appointment!



CONCLUSION

A Roth conversion can be a powerful tool for managing your retirement savings strategy. By converting funds from a traditional IRA or 401(k) to a Roth IRA, you can potentially:

- Reduce your tax liability in retirement
- Increase your retirement income through tax-free growth and withdrawals
- Gain Greater flexibility in helping you manage your retirement savings
- Leave a potentially tax-free legacy for your beneficiaries

We Believe the Roth Conversion Checklist you've just completed is a good starting point for exploring whether this strategy is right for you. By assessing your current retirement savings, tax situation, retirement goals, and timing considerations, you've taken a step toward making an informed decision about your retirement savings plan.

Remember, the checklist is just the beginning. To fully understand the implications of a Roth conversion for your unique financial situation, it's essential to consult with a knowledgeable financial advisor who is experienced in Roth conversions. They can help you navigate the complexities, identify potential opportunities, and develop a strategy that aligns with your goals.

Take the next step in your Roth conversion journey by scheduling a Roth Conversion Review. In this consultation, we'll go over your completed checklist, address your unique needs and concerns, and develop a personalized plan to help you better manage your retirement savings.

To schedule your Roth Conversion Review appointment, please contact Scott Buell at:

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Don't wait to start managing your retirement savings. We recommend taking action to discover how a Roth conversion can help you achieve your retirement goals and work to securing a more financially stable future!

Ready to take charge of your retirement savings and work towards harnessing the benefits of a Roth conversion? Schedule your Roth Conversion Review to see how this effective strategy could potentially bring you closer to your retirement goals.

During your personalized consultation, we will work to help you:

- Gain clarity on your current retirement savings and how a Roth conversion could help benefit your strategy
- Understand the tax implications of a Roth conversion and how to potentially reduce your tax liability
- Receive guidance on timing your Roth conversion with the goal of maximizing the benefits
- Develop a customized Roth conversion plan tailored to your unique financial situation and retirement goals
- Get answers your Roth conversion questions and concerns

We encourage you to use this opportunity to better understand your retirement savings and work to build a more financially stable future. We believe a review with us could leave you with:

- Tailored guidance from an experienced financial advisor with experience in Roth conversions
- Comprehensive analysis of your retirement savings, tax considerations, and financial goals
- Practical insights and strategies with a goal to enhance your Roth conversion approach
- A step-by-step plan to help guide you through the Roth conversion process with the confidence that you're making well-informed choices for your retirement savings



Contact Scott Buell today at sbuell@flagshiptn.com or visit www.flagshipfinancialadvisor.com to schedule a review and start your journey towards your retirement future.

Invest in yourself and your retirement savings – schedule your Roth Conversion Review appointment!

Thank
you!

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