

# Roth IRA Conversion Review



If you have existing retirement assets in a traditional IRA, you may want to consider converting those assets to a Roth IRA. Possible benefits of converting include tax-free distributions at retirement, no required minimum distributions at age 70 ½, and leaving income tax-free assets to your heirs in the event of your death.

While Roth conversions are not subject to early distribution penalties, they are subject to income tax.

Your tax-free potential is maximized if you pay the taxes from your current income or personal savings, not your IRA. Make sure you have the cash to pay the taxes required to convert to a Roth IRA.

**IRA Conversion Tip:** If you can't pay the tax for the conversion without using part of your IRA funds, then you probably shouldn't convert to a Roth IRA

Assets converted to a Roth IRA must be invested for at least five years before taking distributions or a significant income tax penalty may apply.

In order to be eligible to convert, your annual gross income must be under \$100,000 (joint or single). Furthermore, if you are married filing separately you are not eligible to convert to a Roth.