

# Roth IRA Conversion

## Is it right for you?

Traditional IRA	Roth IRA
<ul style="list-style-type: none"><li>• Pre-tax Contributions</li><li>• Taxes due on withdrawals</li><li>• Required Minimum Distributions (RMDs)</li></ul>	<ul style="list-style-type: none"><li>• After-tax contributions</li><li>• Tax-Free qualified withdrawals</li><li>• No RMDs (during the owner's lifetime)</li></ul>

### When to ask if a Roth Conversion makes sense

- ☐ I'm currently in a lower tax bracket than I expect to be in retirement.
- ☐ I want to reduce RMDs
- ☐ Leaving a tax advantaged legacy is important
- ☐ I'm concerned about future tax increases
- ☐ I want access to contributions prior to age 59.5



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# Common Questions

## **You said contributions, what about earnings?**

Withdrawals of converted amounts made within 5 years of conversion can be subject to a 10% early withdrawal penalty- if you are under 59.5 there can be a 10% early withdrawal penalty

## **What about the taxes?**

Converting a traditional IRA to a Roth IRA is a taxable event. You will owe taxes on the converted amount. Consulting with a tax professional prior to a conversion is encouraged.

## **What about Social Security & Medicare?**

The conversion amount from a traditional IRA to Roth IRA is considered income and may impact the taxation of Social Security and Medicare premiums.

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Unless certain criteria are met, Roth IRA owners must be 59½ or older and have held the IRA for five years before tax-free withdrawals are permitted. Additionally, each converted amount may be subject to its own five-year holding period. Converting a traditional IRA into a Roth IRA has tax implications. Investors should consult a tax advisor before deciding to do a conversion.

Every investor's situation is unique and you should consider your investment goals, risk tolerance and time horizon before making any investment. Prior to making an investment decision, please consult with your financial advisor about your individual situation.

Be sure to consider all of your available options and the applicable fees and features of each option before moving your retirement assets.

Raymond James and its advisors do not offer tax or legal advice. You should discuss any tax or legal matters with the appropriate professional.

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