

Should You Consider a Roth IRA Conversion?

If you have qualified funds in your retirement portfolio and you are concerned about future tax rate increases, it's possible that you should discuss converting a portion of those eligible funds to a Roth IRA.

Roth IRA conversion tax advantages	Roth IRA conversion tax disadvantages
<ul style="list-style-type: none">• If a pre-tax qualified retirement plan is being converted to a Roth IRA, then, unlike a qualified retirement plan such as a 401(k), there are no income taxes for qualified Roth IRA distributions.• There are no required minimum distributions for Roth IRA owners, but rules do apply to Roth IRA beneficiaries.• Roth IRA income does not count towards tax calculations for social security or Medicare part B and D premiums.• Conversion may be preferable if the income tax bracket is projected to be the same or higher at the time of distribution than at conversion.• A Roth IRA conversion could lower their income tax bracket in the future since qualified distributions from a Roth IRA are tax-free.	<ul style="list-style-type: none">• Roth IRA conversions are subject to ordinary income tax on the entire amount you convert.• Roth IRA Conversion amounts count towards MAGI which may impact social security taxation and Medicare Part B and D Premiums.• Distributions from the traditional IRA or qualified plan may be needed to pay the taxes due at conversion. It may be preferable to pay the taxes with another source of funds.• Distributions may be subject to the 10% federal additional tax if removed within five years of the conversion.• Conversion may not be preferable if the income tax bracket is projected to be lower at the time of distribution than at the time of conversion.

If you determine that converting all or a portion of your eligible qualified funds to a Roth IRA makes sense for your income tax strategy, then using a fixed index annuity (FIA) may also make sense.

Beyond the traditional benefits of FIAs, such as indexed interest growth potential, principal protection from market downturns, and a death benefit for beneficiaries, FIAs with an income withdrawal benefit introduce a key element — **a lifetime income stream**.

When you convert an IRA to a Roth IRA within an annuity, the lifetime income becomes tax-free. Give us a call to gain access to a Roth IRA conversion tool that can show you how different scenarios impact your federal income tax over time!

Uncover More Opportunities for Lifetime Income
Call 1-903-791-0523