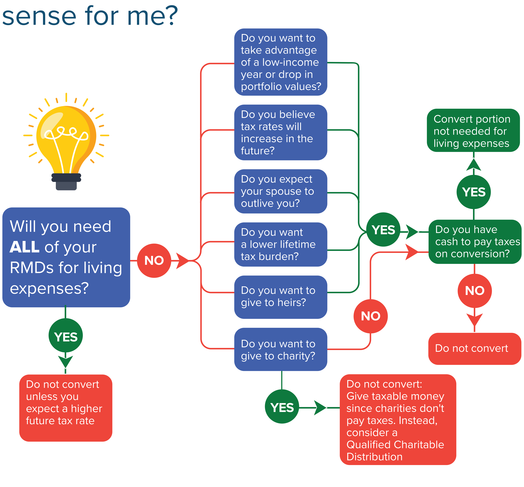
# Roth Conversion:
# When, How, Why (...and Why Not)?

## WHEN...
### ...would a Roth conversion make sense for me?




## HOW...
### ...do I contribute to a Roth?

1. **Start a New Roth:**
   If you are early in your career or at a lower tax rate (but you expect a higher tax rate in retirement) and below the maximum income level, contribute after-tax monies to a Roth IRA .
2. **Rollover an Existing 401(k):**
   Move your existing employer-sponsored retirement account into a Roth IRA or Roth 401(k). Pay taxes on any growth after your original IRA contribution.
3. **Backdoor Conversion:**
   If you are over the maximum income level contribute the annual maximum to a traditional IRA, then convert it to a Roth. Pay taxes on any growth after your original IRA contribution.
4. **Mega Backdoor Conversion:**
   If your 401(k) allows after-tax contributions, you typically can withdraw those after-tax amounts without the 10% penalty. So, contribute after-tax income to your 401(k), then distribute the balance into a Roth IRA. Pay tax only on the growth of your original contributions.

## WHY...
### ...should I convert to a Roth IRA?

**Taxes**
- To draw income tax-free in retirement
- To eliminate required minimum distributions
- To lower your tax bracket on other income
- To decrease taxable income & reduce Medicare premiums

**Legacy Planning**
- To potentially grow tax-free income for gifting
- To reduce the value of your taxable estate at death
- To eliminate taxes on distributions for heirs

## WHY NOT...
### Some factors to consider before you convert your IRA...

**Charitable giving**
Since qualified charities are tax-exempt, donate pre-tax money. That way you don't pay tax on that income and could possibly take a tax deduction for the gift.

**Higher tax rate today**
If your tax rate is higher today than you expect in the future, then paying taxes on a conversion today does not make sense.

**Lack funds to pay tax on conversion**
If you need to dip into your retirement account to pay the tax on a conversion, then you may hurt the success rate of your plan.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