2022 · SHOULD I CONSIDER DOING A ROTH CONVERSION?

THRIVE
WEALTH STRATEGIES

Start Here

Will you need distributions from your retirement accounts to fund your retirement income plan?

No

Yes

Do you expect to be subject to the same or lower income tax rates during most of your retirement either due to income levels or future tax reform?

Yes

No

Sorry, converting and paying tax today at a higher rate may not be advantageous. Consider deferring your tax liability until distributions are needed and/or required.

Do you have cash outside of your retirement accounts to pay the income taxes due upon conversion?

No

Yes

Using retirement funds to pay tax erodes the value of a Roth conversion, but you may still benefit if you have a long time horizon to enjoy tax-free growth and your future income tax rates will remain high.

Consider doing Roth conversions. The Roth IRA will not be subject to RMDs, and it can allow the assets to grow tax-free.

After your death, income tax-free distributions will be advantageous to your beneficiaries.

Inheriting Roth assets will be particularly valuable to "Non-Eligible Designated Beneficiaries," who are subject to the 10-Year Rule, which accelerates distributions (and taxation if the assets remained in a traditional IRA).

Will you need distributions from the Roth IRA within five years of converting?

Yes

No

Be mindful of the 5-year rule. Reference "Will My Roth IRA Conversion Be Penalty-Free?" flowchart.

Are you currently, or will you in the near future become, a participant in programs where your eligibility/treatment is income-based (such as Medicare/IRMAA, financial aid, or ACA subsidies)?

No

Yes

Low asset valuations (due to a market correction, etc.) or expiring carryforwards and credits could provide additional incentives to do a Roth conversion.

Increasing your income with Roth conversions could impact the amount you pay/receive through income-based programs.

Are the beneficiaries of your retirement account(s) qualified charitable organizations?

Yes

No

Sorry, a Roth conversion offers little advantage to you, and none to your beneficiaries. Consider making QCDs during your lifetime and transferring your traditional retirement account(s) at your death.

Reference "Can I Do A Qualified Charitable Distribution From My IRA?" flowchart.

Do you expect your beneficiaries to be subject to high income tax rates in the future?

No

Yes

Sorry, if your beneficiaries are in low tax brackets, the cost of conversion may not be justified.

Our Process

1

Give Us a Call

We'll start things off by scheduling some time to talk over the phone. This will give us a chance to learn more about your concerns and answer your questions. By the end of the call, we should both have a good feeling if we are a good fit to work together.

2

Get Organized

We'll gather your financial details. This step involves gathering everything in one place. And don't worry. At this stage, we'll also empower you to set up a system to keep your finances organized in the future.

3

Get Started

We'll match this information with your financial goals to create an in-depth analysis. This will include a customized financial planning checklist as well as an Investment Policy Statement. When you are comfortable moving forward, we can work together to put your plan into action.

4

Track & Adjust

Moving forward, we'll continuously monitor your investment performance and reevaluate and readjust your financial plan as needed to stay on track with your evolving needs and goals.

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