



A Quick Look At ROTH IRA Conversions

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One element of the Roth IRA that may spark questions from taxpayers is the issue of converting an existing deductible Individual Retirement Account (IRA) into a Roth IRA. Perhaps one of the more important factors in your decision on whether or not to convert to a Roth IRA is *how* you will choose to pay income taxes at the time of conversion.

If you choose to pay taxes from your IRA principal, converting may not provide the best long-term result. In fact, by paying income taxes from out-of-pocket sources, you keep your IRA

balance intact, thus allowing the converted Roth IRA to fully take advantage of tax-free growth over time.

If you're financially capable of paying the income taxes "out of pocket," you should consider a Roth conversion. However, before you proceed, it's important to consult with your financial professional to assist you in a careful review of your options. That way, you can better determine if a Roth conversion is in your best short- and long-term interest.

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