

# Saving with a Roth IRA has never been easier.

 The option to move taxable retirement assets into a Roth IRA through a conversion is available to anyone. By finding out how conversions work and considering a few key factors, you may be able to maximize your retirement savings with a Roth IRA—and possibly increase your tax-free income during retirement.

Discover just how easy it is to convert to a Roth IRA and start building your tax-free retirement income today.

## For More Information

Please see one of our representatives for details on how to convert to a Roth IRA.

Conversions

## Moving Into a Roth IRA



## How It Works



Money leaves your Traditional or SIMPLE IRA.

Select withholding to help pay the tax on that money or pay the tax out of pocket later.

*Keep in mind that amounts withheld are not converted, and thus are subject to tax and penalty.*



That money is deposited into your Roth IRA (less any withholding) as a conversion contribution.



You include the money distributed from your Traditional or SIMPLE IRA in your taxable income for the year of the conversion.

## What Is a Conversion?

A conversion is the taxable movement of Traditional or SIMPLE IRA assets to a Roth IRA. The financial organization(s) administering the conversion reports the movement of assets to the IRS, while you include any pretax amounts converted in your taxable income for the year of the conversion.



Enjoy tax-free distributions in retirement.

## Why Convert?

Roth IRAs have the potential of providing tax-free income to you now or in retirement—and to your beneficiaries after your death. Because you pay tax on the amount you convert in the year you convert, you do not have to pay tax on that money again when you take it out, no matter when that is.\* Even better, once you've owned a Roth IRA for at least five years, you not only can withdraw the conversion amounts tax- and penalty-free, but the earnings too, as long as you are age 59½ or older, disabled, buying a first home, or a Roth IRA beneficiary.

\* Penalty taxes may apply.

## How Do You Convert?

You can convert directly or indirectly. A direct conversion occurs when the distribution from the Traditional or SIMPLE IRA is payable to the receiving financial organization for the benefit of your Roth IRA. An indirect conversion occurs when the distribution is payable to you, and within 60 days you deposit the money into a Roth IRA.

Keep in mind that certain distributions you receive from your Traditional or SIMPLE IRA cannot be converted.

- Required minimum distributions (RMDs)
- Substantially equal periodic payments
- Excess contributions

## Should You Convert?

Your income must be under certain limits to be eligible to make annual Roth IRA contributions. So if you are not eligible to contribute, converting may be your only way into a Roth IRA.

If your goal is to move money into a Roth IRA but you have concerns about paying the tax, it may be helpful to know that you do not have to convert your entire IRA balance in one year. You can move some of your IRA savings each year, or you may choose to wait until you are in a lower tax rate bracket to convert.

When deciding whether or not to convert to a Roth IRA, you may want to consider certain factors and discuss them with your financial advisor.

IRA balance

Types of investments

Years until retirement

Current tax rate vs. future tax rate

Ability to pay tax now

Key Factors to Consider Before Converting