

Moving Into a Roth IRA



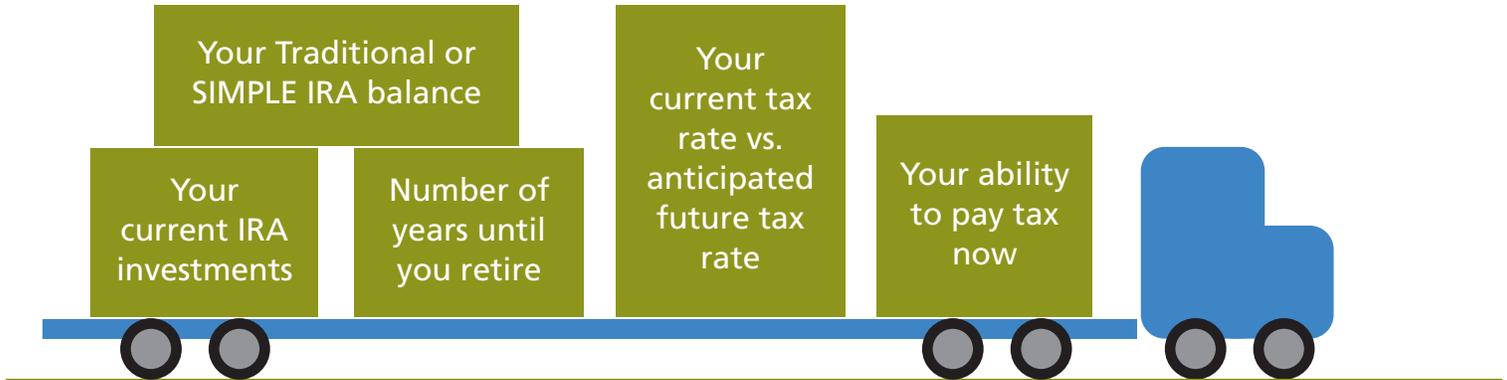
Secure a tax-free income at retirement by moving into a Roth IRA

Converting your Traditional or SIMPLE IRA to a Roth IRA may be a great way to maximize your IRA savings. Discover how easy it is to convert and how it may affect you financially. Converting to a Roth IRA may be a move that you want to make.

Learn more today.

"After considering all of the key factors and talking with my financial consultant, I decided to convert my Traditional IRA to a Roth IRA."

Before You Make a Move, Consider These Factors



A conversion is the taxable movement of Traditional or savings incentive match plan for employees of small employers (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.

Should You Stay or Should You Go?

Roth IRAs have the potential of providing you with tax-free income now or during retirement. 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.

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.

On the Move

You can convert from a Traditional IRA or a SIMPLE IRA 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.

* Penalty taxes may apply.

The Conversion Excursion

1. The money leaves your Traditional or SIMPLE IRA. (You may withhold on that money. Amounts withheld are not converted and are subject to income and penalty tax.)
2. The money is deposited into your Roth IRA as a conversion contribution (less any withholding).
3. Include the money that left your Traditional or SIMPLE IRA in your taxable income for the year of the conversion.
4. Enjoy tax-free income during retirement (or before).

Handle With Care

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

For More Information

Talk to us—we'll be glad to provide you with more information about converting to a Roth IRA.