

Roth IRA Conversion

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Lost among all of the talk about Federal estate tax repeal, is one of the greatest opportunities that Congress has given to many of my clients in years — the uncapped Roth IRA conversion opportunity. Until 2010, a Traditional IRA could only be converted to a Roth IRA by a taxpayer with adjusted gross income of less than \$100,000. However, starting this year, anyone can convert a Traditional IRA to a Roth IRA, regardless of the amount of adjusted gross income earned in the year. In analyzing the benefits of a Roth IRA conversion, I have found that most of my clients will achieve significant benefits from converting. Among the benefits achieved are:

- (i) no required minimum distribution rules for the original owner of the Roth IRA;
- (ii) the ability to pay income taxes from non-tax-deferred assets which, in effect, results in increased deferral opportunities; and
- (iii) paying income taxes with dollars that might otherwise have been subject to estate taxes (effectively paying your kids future income tax liability with pre-estate tax dollars).

Of course, a Roth IRA conversion may not be right for everyone, but everyone should, at a minimum, consider whether it is right for their individual situation.