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**ALERT: Roth IRAs now an option for high earners;
Consider benefits of converting traditional IRAs to Roth IRAs**

Roth IRAs, a type of individual retirement account (IRA) which can provide tax-free income distributions, were previously restricted to those within certain income limits. In 2010, those income limits have been discarded and the tax benefits of Roth IRAs are now available to all (at a price).

If you have traditional IRAs or SEP-IRAs, you may want to consult with your tax professional to determine whether converting some or any of them to Roth IRAs will help you meet your retirement and estate planning goals. Here's a look at the difference between the two:

Traditional IRA or SEP-IRA

Deductible **contributions and**
IRA investment **earnings both taxable**
upon withdrawal

Required minimum distribution (RMD)
at age 70-1/2

Included in income used to determine
whether Social Security benefits are
taxable

Roth IRA

Contributions made after tax,
tax-free upon withdrawal for
qualified distributions

No RMD for Roth owner; RMD for
heirs

Not included in income used to
determine whether Social Security
benefits are taxable

When evaluating whether to convert to a Roth IRA, consider factors including:

- **How soon do you plan to retire?**
- **Will you use the funds for your retirement, or pass them on to heirs?**
- **What is the tax liability of converting from a traditional to a Roth IRA? And where will the cash come from to pay for the tax?**
- **Do you believe your tax rate will be higher now or when you retire?**

While Roth IRAs are not suitable for everyone, they do offer a new option for managing tax liability in retirement that previously has not been available to those with modified adjusted gross income higher than \$120,000 (individuals) or \$176,000 (couples).

Consult your personal financial plan and talk with your AGH professional if you're interested in a Roth IRA; AGH's tax team can use financial projection software programs to help you evaluate the potential tax benefits of a conversion. For more information, please contact your AGH tax professional at (316) 267-7231.

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