

Can I Convert my Traditional IRA to a Roth IRA?



By William J. CHASE, IV, CPA
Financial Advisor

ANYONE CAN CONVERT A TRADITIONAL IRA TO A ROTH IRA IN 2020. There are no income limits or restrictions based on your tax filing status. You generally have to include the amount you convert in your gross income for the year of conversion, but any nondeductible contributions you've made to your traditional IRA won't be taxed when you convert.

Converting is easy. You simply notify your IRA provider that you want to convert all or part of your existing traditional IRA to a Roth IRA, and they'll provide you with the necessary paperwork to complete. You can also transfer or roll your assets over to a new IRA provider.

The conversion rules can also be used to allow you to contribute to a Roth IRA in 2020 if you wouldn't otherwise be able to make regular annual contributions because of the income limits (sometimes called a "back door" Roth IRA). (In 2020, you can't contribute to a Roth IRA if you earn \$206,000 or more and are married filing jointly, or if you're single and earn \$139,000 or more.) You can simply make a nondeductible 2020 contribution to a traditional IRA, and then convert that traditional IRA to a Roth IRA. You can contribute up to \$6,000 to a traditional IRA in 2020, \$7,000 if you're 50 or older.

Remember that you can also convert SEP IRAs and SIMPLE IRAs that are at least two years old to Roth IRAs. And, if you're eligible for a distribution from your employer retirement plan (for example, a 401(k) or 403(b) plan), you may be eligible to transfer or roll those distributions over to a Roth IRA as well.

IMPORTANT DISCLOSURES

The information included in this document is for general, informational purposes only. It does not contain any investment advice and does not address any individual facts and circumstances. As such, it cannot be relied on as providing any investment advice. If you would like investment advice regarding your specific facts and circumstances, please contact a qualified financial advisor.

Any investment involves some degree of risk, and different types of investments involve varying degrees of risk, including loss of principal. It should not be assumed that future performance of any specific investment, strategy or allocation (including those recommended by HBKS* Wealth Advisors) will be profitable or equal the corresponding indicated or intended results or performance level(s).

Past performance of any security, indices, strategy or allocation may not be indicative of future results.

The historical and current information as to rules, laws, guidelines or benefits contained in this document is a summary of information obtained from or prepared by other sources. It has not been independently verified, but was obtained from sources believed to be reliable. HBKS* Wealth Advisors does not guarantee the accuracy of this information and does not assume liability for any errors in information obtained from or prepared by these other sources.

HBKS* Wealth Advisors is not a legal or accounting firm, and does not render legal, accounting or tax advice. You should contact an attorney or CPA if you wish to receive legal, accounting or tax advice.



William J. Chase, IV, CPA

Financial Advisor

William J. Chase, IV, CPA is a financial advisor in the Sarasota, Florida, office of HBKS® Wealth Advisors. He specializes in comprehensive financial planning and investment advisory services. Contact Will at 941-957-4244, or by email at wchase@hbkswealth.com.

Investment Advisory Services offered through HBK Sorce Advisory LLC, doing business as HBKS® Wealth Advisors, an SEC registered advisory firm. Not FDIC Insured — Not Bank Guaranteed — May Lose Value, Including Loss of Principal — Not Insured By Any State or Federal Agency.