

## Two Types of Roth-IRAs

### 1. Annual Contributions

**Roth-IRA** (same as for IRA)

|                         | <u>2010</u>  | <u>2011</u>  |
|-------------------------|--|--|
| <b>Max Contribution</b> | \$5,000 Age 49 or younger<br>\$6,000 Age 50 or older | \$5,000 Age 49 or younger<br>\$6,000 Age 50 or older |

You can't do max for both IRA and Roth but can do some of both

| <b>Income Limits</b> | <b>Phase Out Range (MAGI)</b> | <b>Phase Out Range (MAGI)</b> |
|----------------------|-------------------------------|-------------------------------|
| Single               | \$105,000 - \$120,000         | \$107,000 - \$122,000         |
| Married – joint      | \$167,000 - \$177,000         | \$169,000 - \$179,000         |
| Married – Separate   | \$ 0 - \$10,000               | \$0 - \$10,000                |

**Roth -401(k)/Roth-403(b)** (same as 401k)

|                         | <u>2010</u>  | <u>2011</u>  |
|-------------------------|--|--|
| <b>Max Contribution</b> | \$16,500 age 49 or younger<br>\$22,000 age 50 or older | \$16,500 age 49 or younger<br>\$22,000 age 50 or older |

You can't do max for both 401(k) and Roth 401(k) but can do some of both

There are no income limits for contributing to a Roth-401(k)/Roth-403(b) salary deferral plan, if offered by your employer

### 2. Conversion from IRA, SEP-IRA, Simple-IRA (after 2 year hold), 401(k) to Roth-IRA

Prior to 2010 there was an income limitation preventing many from doing a Roth-IRA conversion. **Now anyone can do a Roth-IRA conversion.**

Also, no limit on the amount converted and can be done at any age.

2010 conversion has a choice to pay all taxes in 2010 or have 50% taxable income in 2011 & 50% taxable income in 2012.

2011 conversion – no choice, all taxes paid in 2011

**CAUTION:** Age 70 ½ Required Minimum Distributions must be taken before converting to a Roth-IRA.

Simple –IRAs opened less than two years are not eligible for Roth conversion and are subject to 25% penalty tax

For a Roth-IRA Conversion analysis or questions email [Harry Rubins](mailto:Harry.Rubins@rubinsfinancial.com)

General information only – review with your tax adviser before taking action