**Converting a Traditional IRA to a Roth IRA**

**The coronavirus (COVID-19) pandemic has caused the value of most IRAs to decrease in value some rather dramatically. While this is unfortunate, it also presents a unique opportunity: converting a traditional IRA to a Roth. Lower IRA values mean a lower tax on the conversion. The good news is future withdrawals from a Roth are not taxable but they are from a traditional IRA. The bad news is you have to pay a tax on the amount of conversion.**

**Contributions to a traditional IRA are tax deductible at the time of the contribution whereas contributions to a Roth are made with after tax dollars. Contributions to a Roth IRA are subject to income limits but conversions are not income tested. Anyone of any income level can make a conversion.**

**When deciding whether to convert you need to consider how you will pay the tax. Paying the tax with cash outside the IRA is the best way. Paying the tax by taking a distribution from your IRA is generally not a good idea.**

**The younger you are, conversion becomes more attractive conversion. The longer you have to recoup the value of the tax paid, the better for you. Finally, you don’t have to convert your entire traditional IRA--you have great flexibility in deciding how much to convert. Here is a site that can help:**

<https://www.schwab.com/ira/understand-iras/ira-calculators/roth-ira-conversion>

**Call me if you wish to discuss this unique opportunity. While I can’t say now is the right time to make a conversion since values may decline even more, but I can say it may be if the circumstances fit your situation. Let’s talk.**

**Stay well and be safe,,,,**

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