

Make your 2020 IRA Contribution Now (Before April 15)

If you have earned income in 2020, we recommend that you consider building your Roth IRA accounts. One way to do this is to contribute to a Roth IRA. For 2020, **the maximum contribution is your earned income up to \$6,000** (or \$7,000 for the age 50 catch-up).

Monies from a Roth IRA grow tax-free and can be withdrawn **tax-free** (for both you and your heirs), and Roth IRAs do not have RMDs (Required Minimum Distributions) during *your* lifetime. **This means that Roth IRAs can be effectively utilized as a tax-planning tool during your retirement by keeping your taxable income lower, thus limiting your taxes in retirement and lowering taxes on Social Security, and decreasing Medicare surcharges.**

If you have earned income in 2020, you can make your 2020 Roth IRA Contribution of \$6,000 (or \$7,000 if age 50 or over).

There can be limits on the amount you can *directly* contribute to a Roth. If your income is below \$139,000 for single (or \$206,000 for married filing jointly), you can directly contribute the maximum allowable amount of \$6,000 (plus \$1,000 for the over 50 catch-ups) to your Roth IRA.

If your income is above \$139,000 for single (or \$206,000 for married filing jointly), you would perform what is known as a **“back door” Roth conversion**. To accomplish this “back door” Roth IRA conversion, you would first make *after-tax* contributions to a Traditional IRA account with a zero balance and then we would immediately convert those IRA contributions into a Roth IRA account. **Please note that there are no income limitations for after-tax contributions made to a Traditional IRA or for Back Door Roth Conversions.**

Please let us know if you would like to contribute to your Roth IRA for 2020. Once you confirm your intent to make the 2020 Roth IRA contributions, we will send you another email (via DocuSign) to complete the necessary paperwork.

Please email Rob Papa, Operations Associate, Non-producing Registered Representative, at rpapa@taylorfinancialgroup.com if you would like to proceed or if you have any questions.

Please note that the amount converted from a Traditional IRA to a Roth IRA may be subject to income taxes at your ordinary income tax rate. Please feel free to consult with your tax professional.

Our Mission: To guide our clients on their journey towards well-being and a prosperous life.

Professional Advice Disclosure: None of the information contained herein is meant as tax or legal advice. Tax laws are complex and subject to change. Please consult the appropriate professional to see how the laws apply to your situation.

Converting from a traditional IRA to a Roth IRA is a taxable event. A Roth IRA offers tax-free withdrawals on taxable contributions. To qualify for the tax-free and penalty-free withdrawal of earnings, a Roth IRA must be in place for at least five tax years, and the distribution must take place after age 59 1/2 or due to death, disability, or a first time home purchase (up to 10,000 lifetime maximum). Depending on state law, Roth IRA distributions may be subject to state taxes.

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