

## Supersized Roth Conversions for Successful Individuals

We have all heard about Roth Conversions, but let's look at when this strategy makes sense, especially for successful individuals.

**Lower Income:** If you find yourself having an unusually low-income year, a Roth Conversion can make sense. Typical scenarios where your income may be lower include being laid off, reduced stock option compensation, or being recently retired.

**Higher Future Tax Rates:** Our current tax code is scheduled to revert in 2026 to higher tax rates. If tax rates are higher in the future, a Roth Conversion today makes your Roth IRA more valuable.

**Charitable Planning:** A large charitable contribution can drive your taxable income lower. If you are planning a large charitable gift, perhaps you pair this strategy with a Roth Conversion.

**Business Owners:** If you own a business and your income is substantially lower and/or you have a net operating loss (NOL) now could be a once in a lifetime opportunity to do a supersized Roth Conversion. Keep in mind NOLs can occur not only if your business is down, but also because of recent equipment purchases or expansion of facilities.

**Legacy Planning:** If your children are likely to inherit assets and they will be in a higher tax bracket than you, a Roth Conversion can make sense. You are 'taking one for the team' by converting your retirement assets into a Roth and paying taxes so your children do not have to.

**How much to convert:** If you are impacted by one of the above, it is important to calculate the appropriate amount to convert given your situation. For some, it may mean converting a substantially large amount (\$100,000+) and for others it may mean a \$10,000 partial conversion. Consult with your financial advisor and CPA when considering a Roth Conversion.



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