

# Help Secure Your Retirement Funds From Higher Taxes with a Roth IRA

Retirement, a time for new hobbies, travel, and quality family time, can also bring unexpected challenges. And with current tax cuts set to expire at the end of 2025, many people can expect increased taxes in retirement. These tax hikes can eat into your savings, reducing your spending power. A Roth IRA can avoid this financial hurdle. This financial tool can help you secure your retirement funds from higher taxes, ensuring you can enjoy your retirement fully.

**Tax increases and income fluctuations can often negatively impact retirement accounts. If you expect a significant change to your income in retirement, you may benefit from converting to a Roth IRA.**

Unlike a traditional 401(k), a Roth IRA is not taxed upon distribution but rather when the funds enter the Roth IRA account. This then allows all future withdrawals to be tax-free, as long as you're at least 59 ½ and have had the account a minimum of five years.

## Why convert to a Roth IRA?

- ***You want to avoid required minimum distributions (RMDs).*** Unlike traditional IRAs, which require you to withdraw money beginning at age 73, Roth IRAs don't require withdrawals at any time.
- ***You expect your tax rate will be higher in the future.*** If you expect to move up a tax bracket, you may benefit from paying taxes on contributions now to avoid paying higher taxes later.
- ***You want to reduce the taxes paid by your heirs.*** Because Roth IRA funds have already been taxed, placing your inheritance in a Roth account can reduce the taxes your heirs pay.\*
- ***You have a lower income this year.*** Because Roth IRA deposits are post-tax, beginning a Roth IRA conversion when you are in a lower tax bracket can potentially decrease the taxes paid on your retirement overall.

\*Some heirs, such as adult children and grandchildren, of Roth IRAs must follow distribution rules to avoid tax penalties.

