



Newburg & CompanySM

CERTIFIED PUBLIC ACCOUNTANTS
TRUSTED FINANCIAL ADVISORS

2010 ROTH CONVERSIONS

**Now is the Time to Consider Your Conversion -
We Can Guide You.**

January 12, 2010

Effective January 1, 2010, taxpayers will have the ability to convert their traditional IRA's (deductible or non-deductible) into a ROTH IRA regardless of how much money they make. The prior tax law allows for conversions to ROTH IRA's only when adjusted gross income is \$100,000 or less. In addition, the 2010 law contains a special provision allowing taxpayers to split the tax burden of conversion over the subsequent two years (2011 and 2012).

The decision to pay current income tax for lifetime tax free growth by converting to a ROTH IRA is one that requires review and analysis to your particular situation.

HOW WILL NEWBURG & COMPANY, LLP ASSIST WITH MY DECISION TO CONVERT?

- 1) We will provide you with a Conversion Evaluation Package that compares your projected IRA account values with and without conversion. This package will include all the key assumptions along with the summary analysis and explanation.
- 2) We will assist you in making your decision of how much to convert (anywhere from 0% to 100%).
- 3) We will provide you with an estimate of the current tax impact based on your desired conversion amount.
- 4) We will review with you potential recommendations for making 2009/2010 non-deductible contributions along with the tax treatment for converting both non-deductible and deductible IRA's.
- 5) We will provide you with information relative to your decision to pay tax in 2010 or defer to 2011 and 2012.

WHY SHOULD I CONSIDER THIS CONVERSION SOONER THAN

LATER ?

There is a special provision that allows you to change your mind. You have until October 15th of the year after the year of conversion to undue the transaction and go back to your traditional IRA. For example, if you convert in 2010, you will have until October 15, 2011 to re-characterize the transaction.

Any amount that was converted to a Roth IRA and then switched back to a traditional IRA in a recharacterization can't be reconverted in the same year as the original conversion, and also can't be reconverted within 30 days of the recharacterization.

Partial conversions will give you greater flexibility in undoing a conversion. The rule delaying the reconversion applies only to the amount that was originally converted. Partial conversions will provide flexibility and allow you to minimize the tax impact should the market drop significantly after your conversion.

PROTECTION FROM FUTURE TAX HIKES.

Tax rates are currently at historic lows. The Bush-era tax cuts expire at the end of 2010 and the outlook is that high-income Americans will take a good portion of the burden as income tax rates and capital gains revert to higher levels. Given the situation of our economy and recent proposals by the Obama administration, many believe rates are on the rise even further.

TAX DIVERSIFICATION.

2010 is the opportunity for high-net-worth individuals to diversify their retirement savings into "tax free" and "tax deferred" accounts.

EXTENDED FUNDING AND LEGACY PLANNING.

Unlike regular IRA accounts, ROTH IRA's allow you to avoid taking required minimum distributions (RMD) once you turn age 70 ½ .

WHAT IS REQUIRED TO GO FORWARD WITH THIS PROCESS AND HOW MUCH WILL THE CONSULTATION COST?

We will require the latest statements for all your retirement accounts or an email summary of the latest values by retirement account type. During the process we will review with you some of the key information and assumptions before providing the final package. ***The cost for the consultation is \$750 which includes the five deliverables mentioned above.***

Please feel free to contact Paula McEvoy or info@newburg.com if you are interested

in learning more about our 2010 ROTH conversion consultation process.