

To Convert or Not to Convert?



**By: Joseph M. Arndt III
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You probably have been hearing in the news, in incessant mailings or from your broker, about the financial deal of the decade – convert your Traditional IRA to a Roth IRA.

Starting in 2010, the \$100,000 adjusted gross income limit has been removed so that anyone can take advantage of this conversion, but the decision may not be as simple as some would have you believe.

The main benefits of a Roth IRA are tax-free income at retirement and no required distributions. With a Traditional IRA, the income at retirement is taxed and required distributions begin at age 70 ½, although you get a current tax deduction for contributions.

Converting a Traditional IRA to a Roth IRA will trigger ordinary income taxes on previously deducted contributions and all earnings, and, a conversion may place you in a higher tax bracket. Even so, sometimes it's wise to pay taxes on a smaller amount now in order to have the final amount at retirement available tax-free.

The income taxes due on the 2010 conversion can be spread over two years, and the amount converted may be included as taxable income in 2011 and 2012. This could be great, but will your tax rate increase, decrease, or remain the same in those years? Roth conversions in subsequent years are included in income, and taxable in the year they are completed.

So, should you convert? Among the factors to consider are - your current tax rate versus future tax rates, your age, and if you plan to pass your IRA on to your heirs.

Because Roth conversions may not be appropriate for all investors and individual situations, I suggest that you discuss tax issues with a qualified tax advisor.

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Wednesday, February 3, 7:30 – 9:00 a.m.
Women of Distinction Speaker Series Featuring Sherry Hausmann, President - SSM St. Clare Health Center, Service Line Executive - SSM Neurosciences Institute

We're pleased and honored to welcome Ms. Hausmann to our February breakfast at the Ritz-Carlton, St. Louis. She holds a bachelor's degree in nursing from SIU-Edwardsville and a master's degree in business administration from Maryville University. Ms. Hausmann joined the SSM Health Care system in 1998 with DePaul Health Center and served in several leadership positions until she was named president of St. Joseph Hospital in 2005. She oversaw the construction of SSM St. Clare Health Center in Fenton, which opened on March 30, 2009. SSM St. Clare Health Center is the first new hospital built in St. Louis County in 35 years. Due to her revolutionary approach and open-minded attitude toward patient care, she's earned many design awards and accolades for its construction and leadership. We are lucky to have her and look forward to learning from her at this breakfast event. Be inspired, be inspirational, be there!



Wednesday, March 3, 7:30 – 9:00 a.m.
Women of Distinction Speaker Series Featuring Kathleen T. Osborn, Regional Business Council

The Regional Business Council is a consortium of presidents and CEOs representing 100 of the region's largest companies. The RBC's mission is to unite and engage members to act on high-impact business, civic and philanthropic affairs for the betterment of the St. Louis region. Ms. Osborn spearheaded the establishment of this group in 1999 and serves on many business and civic boards in the St. Louis area. She was recently awarded Links Excellence in Service Award for Outstanding Women Leaders and the Hellenic Spirit Athena Award. She received both her undergraduate and graduate degrees from the University of Missouri-St. Louis. In addition, she earned a postgraduate certificate from the Institute for Education Management at Harvard University. Ms. Osborn will take time out of her busy schedule to speak to our group about "Getting Connected to St. Louis: Best Practices for Building Relationships." It promises to be a terrific meeting with woman-to-woman networking, delicious coffee and breakfast and the benefit of sharing Ms. Osborn's company. Please join us!

Events held at: Ritz-Carlton, St. Louis 100 Carondelet Plaza Clayton, MO 63105
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