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## Convert your large IRA to a **tax-advantaged** Roth IRA

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### **The situation**

An elderly couple with a \$2 million IRA was concerned about higher future tax rates.

With a \$17 million taxable portfolio, the couple's income needs were being met for the rest of their lives without any IRA funding.

- The couple has five adult children and eight grandchildren.

### **The strategy**

Converting to a Roth IRA and paying the taxes with funds from non-retirement assets.

- Our team ran a specific analysis to project and compared the differing scenarios around future investment growth and tax rates.
- Our clients agreed with UBS research that the stock market could improve in the following year.

### **The benefits**

With enough income from other sources, the couple could allow assets to grow tax-free and unimpeded by outflows.

- If the market depreciated, then our strategy could be unwound ("re-characterized") with no obligation by the following October 15.
- Their children would eventually inherit the IRA and be able to draw tax-free income.
- By paying the conversion tax, the couple reduced the size of their taxable estate.
- The market did appreciate subsequently, which solidified the strategy.
- The Roth IRA conversion is no longer subject to income limits after January 10, 2010. Therefore, this strategy is now available to high net worth individuals.

**Please see disclosures listed on reverse.**

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