

Thinking of Converting to a Roth?



MetLife®

In January 2010, you will have a golden opportunity to convert your traditional IRA to a Roth IRA because the \$100,000 modified adjusted gross income limit and filing status restriction for conversions will be eliminated. By converting and paying tax on the traditional IRA¹, you may be able to:

- Create a retirement savings vehicle that will generate tax-free income² to you at retirement;
- At your death, provide your Roth IRA beneficiary tax-free distributions, *and*
- Continue to grow your Roth IRA tax-free, beyond age 70 ½, as Roth IRAs are not subject to the required minimum distribution rules during the Roth IRA owner's life (but must still comply with the after-death required minimum distribution rules). This can allow for more to pass on to your beneficiary.

There are several factors to consider in deciding whether converting to a Roth IRA makes sense for your situation. Conversion may prove attractive if you:³

- Expect to be in the same or higher tax bracket in retirement
- Have sufficient monies to pay the tax upon conversion
- Have made after-tax contributions to your traditional IRA
- Would like to leave a tax-free legacy to your heirs
- Will not need to withdraw money from the Roth for the next five years

If you convert in 2010, you will be able to spread the tax owed from the conversion over two years – 2011 and 2012. If you believe your tax rates will rise after 2010, you can elect to pay the entire tax due in 2010.

Does Conversion Make Sense for You?

While there are financial modeling programs available to help with this decision, these often have certain limitations. There are a host of critical factors that cannot be quantified and incorporated in these calculators. Your MetLife financial professional will help you calculate the numbers, in addition to helping you determine if these other factors could have an impact on your decision of whether or not to convert your traditional IRA to a Roth IRA.

Please consult with your tax or financial advisor for the application of these principals to your specific situation and assist you in planning for this new exciting retirement opportunity.

¹ For conversions involving annuity contracts, the taxable amount may be more than you would otherwise expect because the taxable amount may be based on more than just your account value at the time of conversion.

² For a distribution from a Roth IRA to be a tax-free qualified distribution, the distribution must occur after the 5-tax-year holding period for Roth IRAs and satisfy one of the other requirements (e.g., occur on or after the Roth IRA owner attains age 59 ½).

³ This opportunity may not be right for everyone. The cost of having to pay taxes now may outweigh the benefit of tax free retirement income in the future.

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