

THE **W** *Security National*
M WEALTH MANAGEMENT
 FINANCIAL *Planner*
 Roth Conversions



As the end of 2009 approaches, a significant opportunity awaits many individuals.

Beginning in 2010, taxpayers will be able to convert their traditional IRA (and funds that have been rolled over from a qualified plan) to a Roth IRA, regardless of their income level or filing status. What's more, the tax on the taxable income generated from a 2010 conversion may be deferred until 2011 and 2012. This new conversion option presents both tax planning opportunities and challenges for 2009, 2010 and 2011.

Roth IRA Advantages

1. Distributions are tax-free if made after five years and after 59 1/2 or death.
2. There are no required distributions from a Roth IRA after age 70 1/2. An important advantage of the Roth IRA is that the account owner is not required to receive any distribution from the Roth IRA during his or her lifetime.
3. Contributions to a Roth IRA are possible after age 70 1/2. Contributions are permitted to a Roth IRA by an individual who has employment or self-employment income after age 70 1/2. In contrast, contributions cannot be made to a traditional IRA during or after the year that an individual attains age 70 1/2.

Roth Conversion Questions

When do you report the income?

Conversions done in 2010 don't have to be reported on your 2010 tax return. You can report the income on your 2011 and 2012 tax returns.

When do you pay the taxes?

You can split the income over two years and pay the taxes due on your 2011 and 2012 tax returns.

Are you required to split the income?

No, only if it is to your advantage. If splitting the income will create a larger overall tax bill, you can pay it all in one year.

Can I convert my 401(k) to a Roth IRA?

Depends. Plan participants can do Roth conversions as long as they are eligible for a rollover to an IRA. Check with your plan to determine if in-service distributions are allowed prior to waiting until you stop working.

Are partial conversions allowed?

Yes, you will want to work with your CPA to determine the best strategy for your particular situation.

Do income restrictions still apply for contributions to a Roth?

Yes. If you are over the phase out limits of the Roth IRA contribution, you will not be able to contribute new money to the Roth.

Conclusion:

A Roth IRA conversion in 2010 can be a favorable estate planning opportunity. The best results can be attained if resources other than the IRA are used to pay the income tax generated by the conversion. The purpose of this article is to make you aware of this unique tax planning opportunity. Please consult with a tax professional to see if you can benefit.

Looking ahead

Please attend the upcoming presentation to discover if this unique tax planning opportunity can benefit your personal situation.

NEW Opportunities for **Roth Conversions** *and Year-End Tax Strategies*

Thursday, November 19, 2009

Marina Inn, South Sioux City, NE

6:00 PM: Reception with hors d'oeuvres

6:30 - 7:30 PM: Presentation

*Seating is limited, reserve
your tickets today
by calling (712) 277-6586
or (800) 475-4468.*



Security National
WEALTH MANAGEMENT

Professional Spotlight

Our team of 55 Professionals have an average of over 12 years with Security National Bank and over 800 years of combined banking and finance experience.

Mike Moreland
Vice President
Investment Services



Education:

University of Iowa,
B.B.A. in Labor
Relations; National &
Graduate Schools of
Bank Investments, M.B.A., University of
South Dakota

Member:

Chartered Financial Analyst
Institute; CFA Society of Nebraska.

Experience:

32 years of bank and Trust portfolio
management.

Activities

Member of the Finance Committee of St.
Luke's Health System, Member of the
Investment Committee of Iowa Health System,
Past Treasurer of United Way of Siouxland,
Past President of the Crittenton Center.



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