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## Back Door Roth

### Why would someone want to make contributions to a Roth IRA?

When you take a Qualified Distribution from a Roth IRA there is no Income Tax due. No matter how much you take as a distribution; no matter how much profit your IRA has earned there will be NO INCOME TAX.

Hence, making profitable investments inside a Roth IRA can be a very good idea.

### However, not everyone is allowed to make Contributions to a Roth IRA.

Some people earn above the cap set by Congress.

Example: If you are married filing jointly and have an Adjusted Gross Income (AGI) that exceeds \$193,000 you may not make a contribution to a Roth IRA (2015).

Yet, everyone who has a Traditional IRA may convert part or all of their Traditional IRA to a Roth IRA anytime they wish.

LEARN HOW YOU CAN CONTRIBUTE TO  
ROTH IRA NO MATTER YOUR EARNINGS

## The Backdoor Roth

## **How to contribute to a Roth IRA even if your joint AGI exceeds \$193,000**

1. Open a new Traditional IRA.
2. Make a contribution to the Traditional IRA.  
Under age 50 maximum allowed: \$5,500  
Age 50 to age 70½ max allowed: \$6,500
3. Do not take a deduction on your income tax for the contribution.  
Instead complete IRS Form 8606. This is an easy Form to complete and it tells the IRS you made an IRA contribution and you did not take the deduction.
4. Do not invest the funds in your new IRA.  
Instead instruct your IRA Company to complete a Roth conversion.  
Remember, Roth conversions are always allowed no matter your income level.  
As you never took a tax deduction on the original contribution there will be no income tax on the dollar for dollar Roth conversation.

### **Who is eligible to complete a Back Door Roth Conversion**

1. You are not eligible to make a contribution to a Roth IRA in the usual manor (typically because your are over the earnings limit.)
- 2 A. You do not currently own a Traditional IRA or
- 2 B. You are also converting the Traditional IRA(s) you own to a Roth IRA (I.E. #2 above: You may not complete a Backdoor Roth conversation if you still hold a Traditional IRA.)

**The IRA Club will be happy to assist you setting up a Roth IRA  
Toll Free 888-795-7950**

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