

# Is it time to convert your Roth IRA?

**T**here is buzz all around concerning the new tax law changes for Roth IRA conversions. In order to outline the 2010 tax law changes regarding Roth IRAs, it's best to review what Roth IRAs are.

In my work, I find that many people still don't understand the powerful benefits of Roth IRAs. Roth IRAs were introduced in 1998 under the Taxpayer Relief Act of 1997. This new IRA allowed gains earned on contributions to be free of all income taxes as long as one owned the Roth IRA for a minimum of five years and until one's age of 59½.

Additionally, the IRS allowed persons to convert their traditional IRAs and SIMPLE IRAs to a Roth IRA as long as their modified adjusted

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gross incomes didn't exceed \$100,000.

Over the years, this income limit has kept many individuals from taking advantage of IRA conversions, but that is about to change.

Starting in January, as part of the Tax Increase Prevention and Reconciliation Act, the federal government is eliminating the \$100,000 income limit for Roth Conversions. Restrictions that didn't allow spouses who filed separate tax returns will be lifted as well.

Owning a Roth IRA doesn't offer tax deductions from one's income

like a traditional IRA does, but there are other major advantages.

As said before, a person doesn't have to pay taxes on the earnings if held for five years and until age 59½. Additionally, a person doesn't have to begin taking distributions from their Roth IRA accounts starting at their age 70½ either, thereby being able to pass assets to heirs totally tax-free.

A person even has fewer restrictions with continued contributions to a Roth IRA than with a traditional IRA. Imagine if you had assets that you could set aside to accumulate totally tax-free until your age 90, if you lived that long. Once death occurs for the Roth IRA owner, distributions must be made to beneficiaries over a 5-year period or by Dec. 31 of

the year following the year of death.

Converting your traditional IRA to a Roth IRA will come at a cost, though.

All the taxes that have not been paid on that Traditional IRA will have to be paid at the time of conversion, but the IRS is offering a special one-time deal to spread the taxes due over two tax years. So a conversion done in 2010 will have ½ taxes due in 2011 and ½ in 2012.

Still, this may not be an easy thing to do. It's important to know where the money will come from to pay what could be a large tax bill for a large conversion. Many who are already making plans to convert are doing so because they're worried that tax rates will never be lower in the years ahead and that may be true.

There's a lot of planning and discussion that should be done if you are interested in converting to a Roth IRA. One must consider their age, whether the IRA will be needed for their own needs in retirement and how soon that will be.

Also, consider whether the converted IRA should be placed in a separate account from any others that you already own.

If your IRA is invested in the stock market and you experience declines right after you've paid taxes, you may want to consider something called recharacterization, which essentially allows you to reverse the conversion.

One thing for certain, financial advisors have been discussing the new changes to the Roth IRA and all the strategies to

help you determine what to do. It might be a good idea to seek the help of a professional financial advisor to seek the best strategy for you.

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## Area man penned Vietnam experiences

By Denise M. Baran-Unland  
FOR SUN-TIMES MEDIA

It's no secret that many men who served in the Vietnam War subsequently led lives negatively affected by it, but Ronald Carey of Plainfield was not one of them.

Although his experiences there as a young helicopter crew chief often bothered him, he educated the world by writing a book about those experiences. Carey also blessed his family and community with his strong work ethic and years of volunteer coaching.

"He could come across as a rough and gruff guy, but he was just a marshmallow inside," said Carey's wife, Carla. "He was a good person who cared about people. He worked hard, and whatever he

worked at he gave 100 percent. He was always building something or remodeling a room. He even helped the kids build their houses."

Carey was 60 when he died May 14.

In 1967, Carey was only 12 days past his graduation from Plainfield High School when he enlisted. He served two tours of duty during the Vietnam War, eventually receiving two Purple Hearts and the Distinguished Flying Cross.

Through the Internet and various reunions, Carey kept in touch with many of the other men who served with him. In 2006, he published "The War Above the Trees: Operation Wayne Grey," through the subsidy publishing house Trafford Publishing.

Between its pages,

**"He was a good person who cared about people. He worked hard, and whatever he worked at he gave 100 percent. He was always building something or remodeling a room. He even helped the kids build their houses."**

**Carla Carey**  
wife of Ronald Carey

Carey uses official Army records and entries from his journal to detail the daily events from March 1 to April 14, 1969. This, for Carey, was "Operation Wayne Grey." The book is available at [www.amazon.com](http://www.amazon.com).

Writing a book was no small feat for Carey. Carla, who met her future

husband in high school, said she had to help him with his writing assignments.

"He had a horrible time with spelling," Carla said. "Before he wrote the book, he started out by just writing a couple of articles that he kept to himself. He never published them or did anything else with them; they just helped him think through it. The book sort of grew from his need to put things on paper."

Carey did not write "The War Above the Trees" with any hopes of fame or fortune; he only wished to educate and help people. He sold the book mainly through the publishing company and other online sources, at Vietnam reunions and during the talks he presented to schoolchildren.

"It was still selling pretty good when he passed away," Carla said.

However, Vietnam comprised only a small part of Carey's life. He returned from the war to raise two sons and one daughter, honoring their interest in baseball and softball by coaching both sports through the Plainfield Athletic Club.

"He was also a Cub Scout master because he was always there with the kids," Carla said. "He took a break from coaching in between when our kids grew up and when the grandkids were old enough to play. His grandchildren were just the light of his eyes."

If you would like to see someone featured in An Extraordinary Life, contact Denise M. Baran-Unland at 815-467-5249 or [artemis279@aol.com](mailto:artemis279@aol.com).

## CARLMAN

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Keeping it simple.

For the rest of us, the yule season's step back toward its simpler, humbler former self might translate to a shorter, more cost-effective menu for the big feast. It may mean editing guest lists when we mail out those invitations, or paring back on travel plans. Perhaps it even results in logical, practical things ending up under the tree when the magical morning arrives. That's all OK — the point, of course, being that we take the time to look around at all that's good in our homes and the world around them, and to make note of how blessed we really are.

And maybe that's the real gift this year: being able to grasp that utterly simple truth, and just be grateful for it.

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