

New Rules for Converting to a Roth IRA



Prior to January 1, 2010, only taxpayers who met certain income requirements were allowed to convert funds in a tax-deferred account (e.g., traditional IRA, 401(k), 403(b), 457, SEP-IRA) into a Roth IRA. Now this restriction has been removed. Since you will still have to report the converted funds as income and pay the associated taxes, you need to consider whether converting funds to a Roth IRA is beneficial for your particular financial situation.

There are several factors that could influence your decision to convert funds.

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