

COVENANT
WEALTH ADVISORS



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graph TD
    Q1[Will you be converting a traditional IRA?] -- No --> Q2[Will you be converting a SIMPLE IRA?]
    Q1 -- Yes --> Q3[Are there nondeductible contributions in any IRA accounts that you own (including SEP and SIMPLE IRAs, but excluding Roth and Inherited IRAs)?]
    Q2 -- No --> Q4[You can convert 401(k)s, 403(b)s, 457(b)s and SEP IRAs.]
    Q2 -- Yes --> Q5[Will the conversion be done within two years of the first contribution?]
    Q3 -- No --> Q6[Are you (or your spouse) receiving a subsidy for health insurance or enrolled in Medicare Part B or Part D?]
    Q3 -- Yes --> Q7[Are there nondeductible contributions in the account you are converting (or nondeductible contributions in any other IRA account if converting a SEP or SIMPLE IRA)?]
    Q4 --> Q8[Determine how much of the conversion will be taxed when converted by following this rule of thumb:  
Divide the total after-tax account value by the total value of all IRAs. Multiply this percentage by the conversion amount to find the tax-free portion.]
    Q5 -- No --> Q8
    Q5 -- Yes --> Q9[Sorry, any conversion from a SIMPLE IRA done within two years of the first contribution is subject to ordinary income taxation and a 25% penalty.]
    Q6 -- Yes --> Q10[Sorry, this conversion could increase IRMAA surcharges on Medicare Part B and Part D premiums or make you ineligible for the health insurance subsidy.]
    Q6 -- No --> Q7
    Q7 -- No --> Q8
    Q7 -- Yes --> Q11[You are subject to aggregation and pro rata rules.  
The remaining portion will be taxed as ordinary income when converted.]
    Q8 --> Q11
    Q10 --> Q11
    Q11 --> Q12[Do you expect to take a distribution from your Roth IRA within five years of any conversion?]
    Q12 -- Yes --> Q13[Are you subject to an RMD in your IRA?]
    Q12 -- No --> Q14[The conversion will be taxed as ordinary income, but will not be subject to the 10% penalty. Taxes withheld from the conversion itself are subject to a 10% penalty (unless an exception applies).]
    Q13 -- No --> Q14
    Q13 -- Yes --> Q15[See "Will A Distribution From My Roth IRA Be Tax and Penalty-Free?" flowchart.]
    Q15 --> Q16[Has it been satisfied this year?]
    Q16 -- No --> Q17[Sorry, you must take your RMD before the conversion.]
    Q16 -- Yes --> Q14

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Will you be converting a traditional IRA?

- No**: Will you be converting a SIMPLE IRA?
 - No**: You can convert 401(k)s, 403(b)s, 457(b)s and SEP IRAs.
 - Yes**: Will the conversion be done within two years of the first contribution?
 - No**: Determine how much of the conversion will be taxed when converted by following this rule of thumb: Divide the total after-tax account value by the total value of all IRAs. Multiply this percentage by the conversion amount to find the tax-free portion.
 - Yes**: Sorry, any conversion from a SIMPLE IRA done within two years of the first contribution is subject to ordinary income taxation and a 25% penalty.
- Yes**: Are there nondeductible contributions in any IRA accounts that you own (including SEP and SIMPLE IRAs, but excluding Roth and Inherited IRAs)?
 - No**: Are you (or your spouse) receiving a subsidy for health insurance or enrolled in Medicare Part B or Part D?
 - Yes**: Sorry, this conversion could increase IRMAA surcharges on Medicare Part B and Part D premiums or make you ineligible for the health insurance subsidy.
 - No**: Are there nondeductible contributions in the account you are converting (or nondeductible contributions in any other IRA account if converting a SEP or SIMPLE IRA)?
 - No**: Determine how much of the conversion will be taxed when converted by following this rule of thumb: Divide the total after-tax account value by the total value of all IRAs. Multiply this percentage by the conversion amount to find the tax-free portion.
 - Yes**: You are subject to aggregation and pro rata rules. The remaining portion will be taxed as ordinary income when converted.
 - Yes**: Determine how much of the conversion will be taxed when converted by following this rule of thumb: Divide the total after-tax account value by the total value of all IRAs. Multiply this percentage by the conversion amount to find the tax-free portion.

Do you expect to take a distribution from your Roth IRA within five years of any conversion?

- Yes**: Are you subject to an RMD in your IRA?
 - No**: The conversion will be taxed as ordinary income, but will not be subject to the 10% penalty. Taxes withheld from the conversion itself are subject to a 10% penalty (unless an exception applies).
 - Yes**: See "Will A Distribution From My Roth IRA Be Tax and Penalty-Free?" flowchart.
 - Has it been satisfied this year?**
 - No**: Sorry, you must take your RMD before the conversion.
 - Yes**: The conversion will be taxed as ordinary income, but will not be subject to the 10% penalty. Taxes withheld from the conversion itself are subject to a 10% penalty (unless an exception applies).
- No**: The conversion will be taxed as ordinary income, but will not be subject to the 10% penalty. Taxes withheld from the conversion itself are subject to a 10% penalty (unless an exception applies).

The checklist showed you what to think about. A Strategy Session tells you what to do.

You downloaded this because of one decision. But retirement decisions don't sit in isolation — when you claim Social Security changes your tax bracket, your bracket changes what a Roth conversion is worth, and what you convert changes your Medicare premium two years later.

A Strategy Session is a **45-minute conversation** with a **CERTIFIED FINANCIAL PLANNER™** professional who looks at all of it together.

You'll leave with:

- A direct answer to the question that made you download this checklist
- Our read on where the largest dollar impact likely sits in your situation — and which moves matter less than you'd think
- An honest assessment of whether you need an advisor at all

No sales pitch. No product recommendations. No obligation. If you're on track and handling this well on your own, we'll say so. That happens more often than you'd expect.

[SCHEDULE MY FREE STRATEGY SESSION]

Prefer to talk first? Call (804) 729-5265 or email info@mycwa.com

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