



James Lange, CPA/JD is a nationally known IRA and retirement plan distribution expert. With over 30 years of experience, Jim offers unbeatable recommendations. Put your retirement planning into high gear with Jim's valuable information.

Jim's recommendations have appeared 30 times in *The Wall Street Journal*, 23 times in the *Pittsburgh Post Gazette*, *The New York Times*, *Newsweek*, *Money Magazine*, *Smart Money* and *Reader's Digest*. His articles have appeared in *The Journal of Retirement Planning*, *Financial Planning*, *The Tax Adviser (AICPA)*, and other top publications.

TWO NEW TAX INCREASES DRAMATICALLY ENHANCE THE BENEFITS OF MAKING A ROTH IRA CONVERSION IN 2010

Two new tax increases forced our office to update all our old analysis on the benefits of making a Roth IRA conversion for middle and high income taxpayers. Earlier analysis showed Roth IRA conversions are tremendously favorable in many situations assuming no income tax increases would occur in the future. Now we have the convergence of two tax increases that will have a dramatic impact on taxpayers in the 25% or higher tax brackets. The first major change is the repeal of the Bush era tax cuts which by itself will mean increased taxes for taxpayers in the 25% and higher marginal tax brackets. The second increase passed in 2010 effective in 2013 is a health care reform surtax of 3.8% on investment income for married taxpayers of \$250,000 or more.

Below is a summary of the new effective tax rates comparing 2010 rates with 2011 rates, the year the Bush Era tax cuts sunset, and 2013 rates when the Health Care Reform Surtax takes effect.

We took the new rates and using our peer-reviewed methodology (American Institute of Certified Public Accountants Tax Division publication, *The Tax Adviser*) for analyzing Roth IRA conversions, we reran the numbers taking the new tax increases into consideration.

MARRIED FILING JOINTLY TAXABLE INCOME	CURRENT LAW 2010	SUNSET OF BUSH TAX CUTS IN	COMBINED SUNSET BUSH TAX CUTS & SUR TAX IN 2013	TOTAL TAX INCREASE
\$0 - 16,750	10%	15%	15%	5%
\$16,750 - \$68,000	15%	15%	15%	0%
\$68,000 - \$137,300	25%	28%	28%	3%
\$137,300 - \$209,250	28%	31%	31%	3%
\$209,250 - \$373,650	33%	36%	39.8%	6.8%
Over \$373,650	35%	39.6%	43.4%	8.4%

Please understand these are just the tax increases that are already law and does not include any likely additional tax increases that will almost inevitably occur in the future.

*** Be careful making a Roth IRA conversion because of the potential increase in premium for Medicare Part B.

TWO NEW TAX INCREASES DRAMATICALLY ENHANCE THE BENEFITS OF MAKING A ROTH IRA CONVERSION IN 2010 (CONTINUED)

It is has never been more important for middle and higher bracket taxpayers to seriously look at converting at least a portion of their IRA or retirement plan to a Roth IRA in 2010. Everything else being equal, you will never likely have a lower tax rate than 2010. Making a Roth IRA conversion when tax rates are lower is tremendously beneficial for you and your family. IRA and retirement plan owners caught sleeping through this brief window of opportunity will have profound regrets when the new tax rates take effect.

I urge you to seek help in making a determination if you should make a Roth IRA conversion and if so, how much and when.

FREE Informational Resources and Events

The Lange Money Hour: Where Smart Money Talks

Every other Wednesday at 7:00pm (replayed at 9:00am the following Sunday) on KQV 1410AM, we host some of the nations' top Roth IRA Conversion experts. Listen live or peruse our radio show archives, now both in audio and text files at www.retiresecure.com.

Upcoming Workshops

Free Educational Workshops for you and a guest.

Two sessions are available:

9:30am-11:30am or
1:00pm-3:00pm

Saturday, May 22, 2010
Four Points Sheraton in Mars

Wednesday, May 26, 2010
Indiana University of PA
8:30-10:30 & 1:30-3:30

Saturday, June 26, 2010
Monroeville Doubletree

Saturday, July 24, 2010
Crown Plaza Pittsburgh South

Saturday, August 28, 2010
Pittsburgh Golf Club
Located in Squirrel Hill

