

Optimizing Roth Conversions For Tax-Efficient Implementation

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Course Objectives

This course aims to provide you with practical insights into Roth Conversion strategies. Through a comprehensive understanding of the rules governing Roth conversions, you will learn to effectively apply these strategies in various financial scenarios. By optimizing tactics and considering factors such as timing and potential risks, you will gain valuable skills in recommending the implementation of Roth conversion strategies. By the end of this course, you will be able to:

- Examine a client's current and future income and determine how they fall into current and estimated future marginal tax rate.
- Evaluate and recommend Roth conversion strategies tailored to individual client's needs, goals, and financial circumstances according to the calculated income and tax projections.
- Analyze the impact of Roth conversions on all facets of a client's financial circumstances.
- Develop systematic approaches to evaluate the effectiveness of the Roth conversion strategy.
- Implement Roth conversion strategies through practical application and proactively mitigate potential negative consequences.
- Be able to effectively communicate Roth conversion strategies with clients, including both advantages and potential drawbacks.

Module 1: Rules, Regulations & Benefits Of Roth Conversions

In this module, you will learn:

- Rules And Limitations Of Implementing A Roth Conversion
- Tax Equivalency Principles And What Doesn't Matter To Roth Conversion
- 4 Factors To Consider When Deciding On Roth Conversions
- Tax Equilibrium Vs Tax Diversification

After completing this module, you will be able to:

- Identify the IRS rules and regulations applicable to Roth conversions today and in the future.
- Grasp the concept of the four factors and the impact of future tax rates on Roth conversions.
- Examine the key factors and common misconceptions surrounding Roth conversions.

Module 2: How To Determine A Marginal Tax Rate

In this module, you will learn:

- Understanding What Taxable Income Is, And How To Calculate It
- What Is A Marginal Tax Rate?
- Calculating Marginal Tax Rates And Understanding The Impacts To It

After completing this module, you will be able to:

- Calculate different components of taxable income with accuracy.
- Evaluate the components of taxable income and their influence on the marginal tax rate.
- Analyze the importance of marginal tax rates in Roth conversion strategies.

Module 3: How To Estimate Future Marginal Tax Rates

In this module, you will learn:

- How To Evaluate A Client's Future Income And Tax Estimates
- What Are the Additional Factors That Can Impact Future Tax Rates?

After completing this module, you will be able to:

- Develop understanding and accuracy in projecting future tax rates for strategic Roth conversion planning.
- Explore the complexities of income and tax projections to grasp their implications in financial planning.
- Examine past and present tax legislation and policy shifts to refine future tax projections.

Capstone 1: Calculations & Practices

The Kitces Capstone assessment consists of **30 questions**. You must achieve at least a passing **score of 70%** to complete the course and receive continuing education credit. The assessment is open book.

Module 4: Calculating And Determining Roth Conversion Amounts

In this module, you will learn:

- How To Calculate The Amount Of A Roth Conversion
- Calculating Roth Conversions With Tools and Software
- Popular Tools And Software Demos

After completing this module, you will be able to:

- Assess a client's financial situation to identify optimal Roth conversion opportunities, considering income, deductions, and tax brackets.
- Evaluate how changes in these aspects affect the favorability and timing of conversions.

- Determine the ideal amount for a client's Roth IRA conversion within a given year, considering financial circumstances, tax factors, and long-term goals.
- Learn to effectively use software tools to project and calculate the estimated amount for Roth conversions and the resulting tax implications.

Module 5: Utilizing Roth Conversion Strategies

In this module, you will learn:

- Timing The Roth Conversion During The Current Year
- Roth Conversion Strategies Typical For A Client Before Retirement
- Roth Conversion Strategies Typical For A Client After Retirement
- Offsetting Roth Conversion Tax Bills With Other Tax Strategies

After completing this module, you will be able to:

- Delve into practical strategies for implementing Roth conversions, covering timing considerations and tactics for maximizing effectiveness.
- Identify the most effective strategies tailored to different commonalities of clients, ensuring personalized recommendations that align with their unique financial goals and circumstances.
- Identify and evaluate various strategies aimed at mitigating (or covering) the tax liability associated with Roth conversions.

Module 6: Roth Conversion Implementation Techniques

In this module, you will learn:

- Roth Conversion Distribution Planning
- Implementing A Successful Roth Conversion: Part 1 and 2

After completing this module, you will be able to:

- Analyze the range of options for distributing Roth IRA funds, considering their alignment with other income sources and strategic financial goals.

- Evaluate and select the most appropriate implementation techniques tailored to different types of accounts.
- Analyze the implications of distributing Roth IRA funds from an estate planning perspective.

Module 7: Client Communication Strategies

In this module, you will learn:

- Client Psychology And Communicating About Taxes
- Other Considerations And Communication Tips

After completing this module, you will be able to:

- Develop proficiency in discussing the tax implications of Roth conversions with clients, addressing their concerns and preferences regarding immediate versus future tax payments.
- Equip clients with a comprehensive understanding of the potential benefits and drawbacks associated with different Roth conversion strategies.

Capstone 2: Calculations & Practices

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