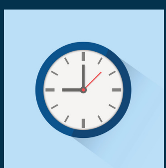
follow your

MONEY ACTION PLAN

APRIL 2018

1 ASSESS YOUR PERSONAL SITUATION



Are you in your prime earning years, just ramping up your income, or in the twilight of your career? Your answer to this question may help you determine whether or not a Roth account is right for you. In your top earning years, then it may be better to use traditional accounts. Not at your peak income? Then a Roth could be right for you.

2 CONSULT YOUR TAX PROFESSIONAL

Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer who has knowledge about your specific situation.

WE'RE HERE TO HELP

(866) 695-5162
info@grinkmeyerleonard.com
www.grinkmeyerleonard.com

ROTH VS. TRADITIONAL RETIREMENT ACCOUNTS

Do you know the difference between Roth and traditional retirement accounts? Does it matter for you?

With traditional retirement accounts, the contributions are tax deductible, reducing your income tax burden today. These contributions continue to grow tax free until you need to access your account; that's when you incur taxes on a hopefully much larger balance. Roth retirement accounts, on the other hand, offer no up-front tax benefits. This means that you are putting in after tax dollars and the money you put in is not tax deductible this year, but withdrawals from Roth accounts are tax free. Traditional retirement accounts are intended to help you defer taxes until retirement and provide you with a deduction now, but Roth accounts are designed to help you escape future taxes even though you are giving up any benefit today. Also, unlike traditional retirement plans, Roths have no requirement to withdraw money from a Roth account before you want to. Traditional accounts require a minimum distribution to start at 70.5 years old, regardless of your need for the money.

Is a Roth right for you? If you anticipate that your marginal tax bracket will be substantially lower during your retirement, traditional retirement accounts may offer the best solution for you. On the other hand, if you expect tax rates to rise in the future, you may be wise to consider putting some funds into a Roth account, giving yourself more options for tax savings. Not everyone is eligible to contribute to a Roth IRA; as an individual saver, you may be subject to earned income limits. But Roth retirement accounts available through your employer's 401(k) or 403(b) plans aren't subject to these limits, and you can generally contribute more to them than to an individual Roth IRA.

So, who might benefit from a Roth 401(k)? Younger employees who have a longer retirement horizon will have more time to accumulate tax-free earnings in a Roth 401(k) account. And some high-salaried employees will appreciate having both tax-deferred and tax-free money to fund retirement. Employees who want their retirement accounts to pass income tax free to their heirs may also be attracted to a Roth 401(k).

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