

Newsletter



Your IRA is a Ticking Tax Time Bomb & Here's How to Disarm It.

Every Dollar in Your IRA or 401(k) Could Be a Future Tax Nightmare

If you're like most hardworking Americans, you've spent years diligently saving into your traditional IRA or 401(k). You've done everything "right." But there's one thing you probably haven't been told:

You don't fully own your retirement account — the IRS does.

Here's the cold, hard truth:

Your tax-deferred retirement accounts are growing, but so is the government's cut. And unless you act, your tax bill in retirement could be far higher than you expect.



The Clock Is Ticking — And the Taxman Is Waiting

Right now, federal income taxes are near historic lows. But the 2017 Tax Cuts and Jobs Act is set to expire in 2026 — meaning your future withdrawals could be taxed at significantly higher rates. Combine that with required minimum distributions (RMDs), and you've got a perfect storm:

- Higher tax brackets
- Forced withdrawals (whether you need the money or not)
- Increased Medicare premiums and potential taxation of Social Security

This isn't just a tax issue. It's a retirement income crisis in the making.



Roth Conversion: Your Financial Fire Escape

You have a window of opportunity right now to take control — and it's called a Roth conversion.

By converting your traditional IRA or 401(k) to a Roth account while tax rates are low, you can:

- Lock in today's lower tax rates
- Create tax-free income in retirement
- Reduce RMDs (or eliminate them for Roth IRAs)
- Potentially lower your future Medicare premiums and Social Security taxability

This isn't for everyone — but ignoring it could cost you dearly. For many, a strategic Roth conversion can mean hundreds of thousands in lifetime tax savings.



Every Year You Wait, the Tax Bomb Grows Bigger

The IRS is patiently waiting for you to retire — because that's when their payday begins. You built your nest egg. Don't let Congress decide how much you get to keep.

What to Do Next:

1. Get a Roth Conversion Analysis: See exactly how much you could save.
2. Act Before 2026: When tax brackets reset, the cost of converting will likely rise.
3. Don't Guess — Plan: This strategy requires precision. Get help from a tax-smart advisor.

The Bottom Line:

Your retirement accounts are not fully yours — unless you act now. You have a limited-time window to take advantage of historically low tax rates and defuse the tax time bomb ticking inside your IRA and 401(k).

Don't wait for the explosion. Convert before it's too late.

The Roth clock is ticking. The IRS is watching.



Why Some Skip Roth Conversions — But Should They?

Quick Considerations

RMDs Are Mandatory

Traditional IRAs force withdrawals at age 73–75, whether you need the money or not — and they're fully taxable.

Potential for Higher Taxes

Waiting to pay taxes could lead to more owed later, especially if rates rise or your income grows in retirement.

Less Flexibility

No Roth means fewer tax-free income options in retirement.

Tax Burden for Heirs

Inherited traditional IRAs are taxable and must be emptied in 10 years.

Low Tax Rates Won't Last

Today's rates may rise after 2025 — converting now could save later.

Less Efficient Growth

Roth accounts grow tax-free; traditional accounts eventually face taxes.

Medicare & Social Security Impacts

Traditional withdrawals can raise premiums and taxes. Roth income doesn't.