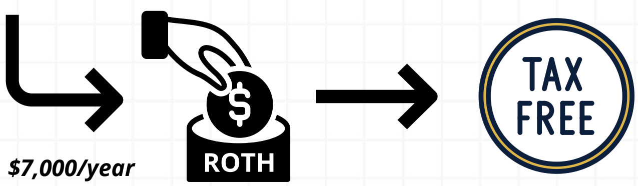
The Backdoor Roth

How it works and why the IRS may be putting an end to this opportunity in the near future

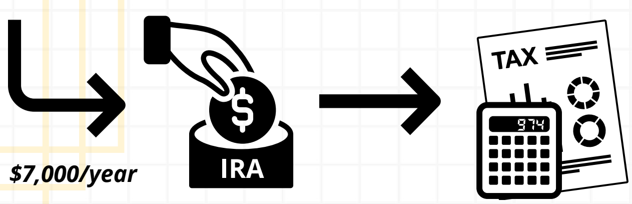
Content

ROTH IRA

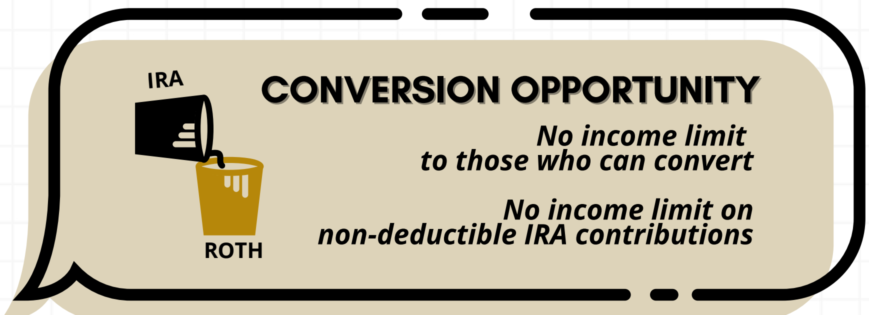


- IRS Limits those who can contribute for 2025
  - Single income limit of $165,000
  - Married Filing Jointly income limit of $264,000
- Tax-Free distributions in retirement
- 2024 & 2025 maximum contribution of $7,000 ($8,000 if 50 or over)

TRADITIONAL IRA



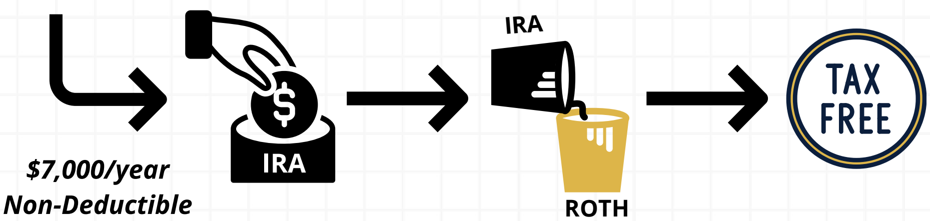
- No income limits to contribute
- Taxable distributions at income tax rates in retirement
- 2024 & 2025 maximum contribution of $7,000 ($8,000 if 50 or over)



Beware of the Pro-Rata Tax Rule

If you have any other IRA accounts and convert a non-deductible contribution, you will trigger the pro-rata tax rule and owe taxes on the remainder of your pre-tax IRA funds. Please consult with Sound Financial Group or your licensed advisor or CPA for further guidance.

THE BACKDOOR ROTH



- **$7,000 non-deductible contribution max ($8,000 if 50 or over)**
- **Tax due *only on the IRA earnings* prior to conversion to Roth**
- **Tax-free distributions from Roth IRA in retirement**

Interested to learn more?
Schedule a conversation with us.

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