

# Investment Time

## Should You Convert to a Roth IRA? (Part 2)



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By Samuel N. Asare, MBA, CRPC, CMFC

As of last month's writing we were estimating this to be a three-part series. However, upon a closer look, we are not quite sure how many parts the series will end up containing. Our intention is to discuss the salient points that you, as an investor,

must understand and take into consideration as you decide whether or not converting to a Roth IRA is something that will benefit you and your family.

Is It True That Only Traditional IRAs Can Be Converted?

There seems to be a lot of misinformation out there, one of the significant distortions being that you must first convert your investment into a traditional IRA, and then into a Roth. In reality, just about any qualified plan may be converted. Qualified plans are those into which you deposit before-tax dollars and defer taxes on the growth as well. Examples include traditional IRAs, 401(k)s, 403(b)s, and tax-sheltered annuities. However, non-spouse heirs who inherit traditional IRAs cannot convert them to inherited Roth IRAs. Also funds from a SIMPLE IRA that is less than two years old cannot be converted to a Roth.

Must My Employer Allow Me to Convert My Work-Related Funds?

Although the law permits you to convert and you may want to, your employer's retirement plan policy supersedes everything else. Most employers' policies do not allow the transfer of retirement plan funds while you are still employed by that establishment.

For instance, say George has accumulated \$400,000 in his employer's qualified 401(k) program. Now George wants to convert all or a portion of his funds to a Roth IRA; however, his employer's policy does not allow any transfers while he remains employed at the firm. That's tough luck for George unless, of course, he resigns.

### How Is the Transfer Made?

The transfer can happen in one of two ways:

1. You may request that your current fiscal custodian transfer the funds directly to a new Roth custodian.

2. You may request that the funds first be released to you, and you then turn them over

to your new Roth custodian. However, if you use this indirect approach, the new account must be set up and the money deposited into it within 60 days.

Are There Minimum and Maximum Amounts That Can Be Converted?

The amount you convert is completely up to you. You alone make that decision. The "new" law is not an all-or-nothing situation. We must tell you, though, that most investment firms require their own minimums to maintain an account with them; however, those limits have nothing to do with the law. And we can virtually guarantee that you needn't worry about the maximum amount.

Say Sarah has \$100,000 in her traditional IRA. She may decide to convert \$5,000, \$10,000, all \$100,000, or any amount in between.

Is 2010 the Only Year That Such Conversions May Take Place?

As the law stands now, you may convert beyond 2010. Of course, just like any other laws, Congress may suddenly decide to change or repeal this law at any time. More to the point, this is one of the primary areas where investors are receiving misinformation and being rushed into making decisions, some of which are not financially savvy.

As we laid out in Part 1 — please refer to last month's edition — these conversions have been available for the past 13 years, so any advisor who is behaving as if you are doomed if you don't act now is, frankly, projecting a false sense of urgency, and you would be well advised to be very cautious dealing with such folks. The more interesting and more important question is where has your advisor been all these years?

Having said that, as retirement planners, we understand the power of time and compounding, so we'd want our investors to take advantage of good opportunities that will enhance their wealth as soon as possible, BUT only after performing proper due diligence.

*Thurmont Times readers requiring assistance in determining how their Roth conversion numbers play out may request a free, no-obligation consultation by calling (301) 949-4449 or visiting [www.LaserFG.com](http://www.LaserFG.com)*

*A senior financial strategist with Laser Financial Group, Samuel is an accomplished personal finance expert, a Chartered Retirement Planning Counselor, and author with years of experience in retirement-tax planning. He regularly contributes to and is featured by various media outlets, including TV and radio.*

# Whats Happening?

### Quartermania

A fun time with a cross between bingo & a raffle; only you have a better chance to win & it's easier to play. Saturday, April 10 at the Guardian Hose Company, 123 E. Main Street. Doors open at 12 noon and bidding starts at 1pm. For more info call Pam or Heather Fraley @ 301.271.3741. Food & drink available

### St. Patrick's Day Dance

Knights of Columbus Council #11975 will host a St. Patrick's Day Dance on Saturday, March 13 @ Our Lady of Mount Carmel Parish Center, Thurmont from 8pm - 12. \$10 per person. BYOB. Setups & snacks provided. Music by Backroads. To reserve a table call 301.271.4439 or 301.447.2367 (must be 18 years or older)

### Community Easter Egg Hunt

The Thurmont Lions Club will once again sponsor the Community Easter Egg Hunt on Easter Sunday, April 4 at the Thurmont Community Park where approximately 1,000 eggs will be hidden. The Egg Hunt will be open to children through age 12 and will begin promptly at 2:00 p.m. Three areas will be designated for various ages (infant-age 3; ages 4-6; and ages 7-12) and will include PRIZE eggs, including one egg in each area worth \$20. The Thurmont Middle School LEO Club will be filling the plastic eggs. For more information, contact Dianne McLean at 410-206-1805.

### Crab Leg & Shrimp Raffle

Crab Leg & Shrimp Raffle to Benefit CHS Safe & Sane - \$5 per ticket- 10 winners with each winner receiving a gift certificate for 18lbs. of crab legs and 5 lbs. of shrimp. \* No substitutions. Drawing will be held on 3/31/10 at CHS @ 3 p.m. For Tickets contact Gretchen Smith @ 301-748-0259.

### Lenten Fish Bake

Our Lady of Mount Carmel Parish Hall Thurmont holds Lenten Fish Bake March 12th, 19th & 26th from 5pm-7:30pm. Cod, haddock, salmon cakes & Tilapia. Vegetables, dessert & beverage. Adults \$10, 4-12 \$5 & age 3 & under free. Sponsored by the Knights of Columbus Council #11975

### Easter Egg Hunt

Cozy will hold its annual Easter Egg hunt Palm Sunday, March 28th at noon. Rain or shine. Up to age of 12. 301.271.4301 for any questions

### Mark your calendar-Chicken BBQ

Lewistown Ruritan Chicken BBQ May 16th. U.S. 15 North & Fish Hatchery Road

### Cold Cut Subs for Sale

The Wolfsville Ruritan Club will be selling 12-inch Cold Cut Subs for \$5.00 on March 17, 2010. To place an order, call Doug or Lucille Martin at 301-371-6538 by March 10. Please leave name, telephone number, and number of subs that you would like to order. They will be available for pick up on Wednesday, March 17, from 4-7 PM at the Wolfsville Ruritan Community Park, 12708 Brandenburg Hollow Road, Myersville, MD. Proceeds will benefit community activities and park maintenance.

### CHS Marching Band

CHS Marching band will be in Emmitsburg neighborhoods on Saturday March 27 from 9am to 12pm to ask for donations to support the purchase of new uniforms and their 2010 Marching Season. Donations are greatly appreciated and tax deductible!

### Bingo Bonanza

\$ 1,000 JACKPOT! \$500 JR JACKPOT Saturday, March 27, 2010, Woodsboro

American Legion, 101 W. Elizabeth St., Woodsboro, MD 301-304-0497 Doors open at 4 pm; Chicken Dinner served 4:30 pm Games begin at 6:00pm. \$40 in advance; \$50 at the Door Admission. Includes 25 Games and Dinner. 18 Regular Games pay \$150 - 5 Specials pay \$200. No One under 16 Years of Age Will be Admitted! Reservations Contact: Stacy at 301-304-0120, Peggy 301-845-4615 Judy 301-845-2195. Proceeds to Benefit the American Legion Auxiliary Scholarship Program and Woodsboro Legion Junior Baseball Team. We reserve the right to cancel in the event ticket sales are off and to adjust payouts if necessary.

### Yard Sale/Farm Tools

Indoor, Saturday March 20th, 8:00-2:00 16751A Scott Road Emmitsburg, MD 21727 301-447-2764 for more info.

# CLASSIFIEDS

small ads **BIG** deals

### Prom Dress for Sale

Magenta color ( Pink); with sequins and a plume skirt, size 1-2, tie back, worn once and can be altered. Looks new. Asking price \$75.00 OBO. Please call 301-401-8992 or 301-401-0358 Call between 3-8:00 p.m.

### Pilates Machine for Sale

Pilates Performer with 4 cords. Stand, Rebounder, 4 videos and 2 dvds for exercise routines. \$40.00 Call 301-271-0897

### Horticultural workers needed

Horticultural workers are needed for

nursery work, including planting, pruning, cultivation and related outdoor work. Workers are needed between March 5th and December 15th, 2010 for Landmark Landscaping, Inc. located in Frederick, Maryland. Wage is \$8.95 per hour with a guarantee of 3/4 hours. Supplies, equipment and tools are provided by the employer. Housing is available if travel time is unreasonable. Please apply at local state workforce agency and refer to job order C-10022-22425.

### Apt for Rent

For rent Thurmont-2 bdrm, LR/DR/full kitchen w/stove & fridge. Basement. call 301.447.6230

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## Cozy Value Coupons

**SAVE \$3**

**Breakfast Buffet**  
Not valid with any other discounts.  
\$3 off two breakfasts or \$1.50 off one breakfast.  
**Sat & Sun 8am-11am**  
(Exp. 4.3.10)

**BREAKFAST Specials**

**Cozy Breakfast buffet:**  
Eggs, quiche, sausage, bacon, scrapple, french toast, biscuits and gravy, fried potatoes, grits, corn fritters, ham.  
**Fresh made omelet & waffle station**  
Includes salad & fruit bar

**SAVE \$4**

**Lunch buffet**  
Not valid with any other discounts or liter side.  
\$4 off two lunches or \$2 off one lunch.  
**Mon-Fri 1pm-3pm**  
(Exp. 4.3.10)

**LUNCH Specials**

**Cozy Lunch buffet:**  
Fried & baked chicken, fish, warm ham w/sauce, turkey pot pie, 2 entrees, veggie bar. Soup, salad & dessert stations included

**SAVE \$5**

Not valid with any other discounts or liter side.  
\$5 off two Land & Sea buffets or \$2.50 off one Land & Sea buffet.  
**Fri & Sat 4pm-8pm**  
(Exp. 4.3.10)

**DINNER Specials**

**Cozy's Land & Sea buffet:**  
Fried oysters, crab stuffed mushroom caps, salmon w/dill sauce, shrimp scampi, steamed mussels & clams, fried & steamed shrimp, scallops w/pasta, crayfish, fried chicken, BBQ ribs, carved turkey & beef tenders, & hot veggie bar. Includes clam chowder & 2 other soups, fruit, salad and dessert stations.

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