



Part I: Who Should Convert to a Roth IRA?

Converting a traditional IRA to a Roth IRA (or converting a workplace retirement plan) is optional. It is up to each IRA owner to decide if converting makes sense in their particular situation. Roth conversion is not a universally beneficial transaction, so each scenario must be evaluated individually. We all have different opinions and financial goals. While a Roth conversion could make sense for one person, it might be too far of a leap for another. To help with the decision, here is a list of people for whom a Roth conversion could make sense.

- 1. Those who will not need the money soon or at all, especially if they plan to pass the funds to beneficiaries.** Most beneficiaries will be subject to the 10-year rule. This accelerated payout of an inherited IRA compresses the overall tax bill into a shorter time period. A Roth conversion eliminates the tax bill for beneficiaries (since the taxes are paid up front at conversion). Individuals who don't need the money should consider converting, regardless of age. They are not doing the conversion for themselves; they are doing it for their children, grandchildren and other beneficiaries. A tax-free inheritance? What a great final gift!
- 2. Anyone naming a trust as their IRA or plan beneficiary.** A Roth conversion removes the trust tax problem when inherited traditional IRA funds are retained in the trust. Trusts reach the 37% bracket when income exceeds just \$16,000 for 2026. Converting to a Roth IRA while the original IRA owner is still alive and leaving those funds to a trust eliminates the trust tax problem after death,
- 3. Those who expect their future tax rates to be higher.** This is especially true for those who are worried about future tax rate increases. (The national debt is over \$40 trillion. Someone has to pay that bill.)
- 4. Those who have certain tax characteristics like high deductions, tax credits and other tax benefits.** These can be used to offset Roth conversion income. But be careful! Capital losses can only offset up to \$3,000 of Roth conversion income.
- 5. Those who have the money in non-IRA funds to pay the tax.** Try not to use IRA dollars to pay the tax (via withholding). It reduces the amount that can be converted in the future. And avoid having taxes withheld for anyone under age 59½. This will result in a 10% early withdrawal penalty on the taxes withheld – because those tax dollars don't actually get converted.
- 6. Young people.** Younger people generally are in a lower bracket and have not yet accumulated large sums in their IRAs or 401(k)s. Therefore, a conversion should not generate an overwhelming tax hit. Plus, young people will have an extended time for the Roth dollars to compound tax-free. And speaking of a long time to let the assets grow...
- 7. Trump account owners.** This can't happen until the year the child reaches age 18. However, a Roth conversion of a Trump account at age 18 not only starts the "5-year forever" clock for the child, but also allows for over 40 years of tax-free growth by the time the child reaches age 59½.

And finally...

8. Those who do not want to worry about paying taxes later, in retirement, when they may need the money. A Roth conversion locks in today's historically low tax rates. No conversion means a traditional IRA owner can only wait and hope that tax rates don't significantly increase.

As always, your Fairhaven Financial advisors are here to answer any questions you may have about Roth IRAs and conversions. Please feel free to reach out at 517.332.2900 to schedule a review appointment at any time.

Copyright © 2026. Ed Slott and Company, LLC
Reprinted from The Slott Report, August 31, 2026, with permission
Author Andy Ives, CFP, AIF, IRA Analyst

<https://irahelp.com/part-1-who-should-convert-to-a-roth-ira/>
Ed Slott and Company, LLC takes no responsibility for the current accuracy of this article

1400 Abbot Rd #330, East Lansing, MI 48823
Phone 517.332.2900 | Fax 517.332.2909
www.fairhavenfinancial.com | info@fairhavenfinancial.com