



# IRA to Roth IRA Conversion

2026

Key **benefits** and  
potential **advantages** of  
a Roth IRA Conversion  
over Traditional IRAs

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# Key Benefits

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Roth IRAs offer potential advantages over Traditional IRAs. Traditional IRAs allow for tax-deferred growth of retirement assets, with ordinary income being generated on the taxable amount of the distributions.

**Distributions from Roth IRAs are tax-free**, if the Roth IRA has been open and funded for more than five years **and** you are at least age 59 1/2 or legally disabled.

- The Internal Revenue Service “IRS” does not require minimum distributions “RMDs” from Roth IRAs.
- A Roth IRA can be used as an **estate planning** tool because your beneficiaries can inherit the Roth IRA tax-free.
- **Tax diversification** of retirement assets allows for more flexibility to manage taxable income in retirement.

## A Roth IRA Conversion may be ideal for you if:

- ✓ You expect your current marginal tax rate to be materially lower than your marginal tax rate in future years.
- ✓ You will not need the Roth IRA funds for at least five years.
- ✓ You have funds to pay the conversion taxes without using retirement funds themselves.
- ✓ You live in a state with no income tax but may retire to a state that has income tax.
- ✓ You may not need the funds for retirement and wish to transfer the funds to your beneficiaries.

## A Roth IRA Conversion may not be appropriate if:

- ✗ You are not sure what your tax situation will be this year. Once you complete the conversion, you cannot recharacterize or “undo” the transaction.
- ✗ There are insufficient other assets to pay taxes due on the conversion.
- ✗ You are pushed into a higher tax bracket due to the amount you convert.
- ✗ You will be in a lower tax bracket in future years.
- ✗ You will be relocating to a state with no or lower state income tax.
- ✗ Conversions do not satisfy IRA required minimum distributions “RMDs”. **You must first satisfy your RMD and then complete a Roth conversion.**

# Before Converting - A Few Things to Consider:

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## **You cannot recharacterize.**

Understand your tax situation and ability to pay for the conversion taxes because a Roth Conversion cannot be recharacterized (reversed).

## **To help manage your tax liability, you may choose to convert just a portion of your assets.**

There is no limit to the number of conversions you can do, so you may convert smaller amounts over several years.

## **The availability of funds to pay income taxes.**

The benefits of a conversion are increased if the income taxes due can be paid out of non-retirement assets.

## **Your time horizon.**

Generally, if you need the funds within the next five years, a Roth IRA is not a good choice. Funds need to be in the Roth IRA for five years to benefit from the account's tax-free status.



## Medicare Considerations

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### **Medicare Premiums**

Your Medicare Premiums for Part B & D may increase due to the Roth Conversion increasing your income upon which premiums are based. Medicare uses the Income Related Monthly Adjustment Amount "IRMAA" to determine premiums. The income generated from a Roth Conversion may move you from one IRMAA bracket to another, thereby negating the tax benefit of the Roth Conversion.

### **Medicare Premiums are based on income two years prior.**

Medicare Premiums in 2026 are based upon one's income in 2024. See tables on the following page for IRMAA income brackets. Premiums noted on the next page are monthly amounts.

# Medicare Part B Premiums – 2026

If your yearly income in 2024 was			
File individual tax return	File joint tax return	File married & separate tax return	You pay monthly (in 2026)
\$109,000 or less	\$218,000 or less	\$109,000 or less	\$202.90
Greater than 109,000 and less than \$137,000	Greater than \$218,000 and less than \$274,000	Not applicable	\$284.10
Greater than \$137,000 and less than \$171,000	Greater than \$274,000 and less than \$342,000	Not applicable	\$404.80
Greater than \$171,000 and less than \$205,000	Greater than \$342,000 and less than \$410,000	Not applicable	\$527.50
Greater than \$205,000 and less than \$500,000	Greater than \$410,000 and less than \$750,000	Greater than \$109,000 and less than \$391,000	\$649.20
\$500,000 or more	\$750,000 or more	\$391,000 or more	\$689.90

# Medicare Part D (Drug Coverage) Premiums - 2026

If your yearly income in 2024 was			
File individual tax return	File joint tax return	File married & separate tax return	You pay monthly (in 2026)
\$109,000 or less	\$218,000 or less	\$109,000 or less	Your plan premium
Greater than 109,000 and less than \$137,000	Greater than \$218,000 and less than \$274,000	Not applicable	\$14.50 + your plan premium
Greater than \$137,000 and less than \$171,000	Greater than \$274,000 and less than \$342,000	Not applicable	\$37.50 + your plan premium
Greater than \$171,000 and less than \$205,000	Greater than \$342,000 and less than \$410,000	Not applicable	\$60.40 + your plan premium
Greater than \$205,000 and less than \$500,000	Greater than \$410,000 and less than \$750,000	Greater than \$109,000 and less than \$391,000	\$83.30 + your plan premium
\$500,000 or more	\$750,000 or more	\$391,000 or more	\$91.00 + your plan premium

Source: Center for Medicare and Medicaid Services December 2025



**The above income, as calculated by Medicare, may be higher than your pretax income. Please review with your tax advisor prior to making a Roth Conversion. Lawrence Wealth Management LLC “LWM” is a Registered Investment Advisory firm and does not provide tax advice.**