

Tax Pro
Module 7
Section 2

EVERYTHING ROTH IRAs



ROTH TRUTHS – DISPELLING THE MYTHS

- You can have multiple Roth Accounts **AND** tax-deductible retirement accounts
- You can have a 401k at work AND a personal Roth Account
- You can fund a Roth at ANY income level (the back door Roth)
- You can invest your Roth in ETFs, Mutual Funds & Bonds (the boring stuff)
- You can also invest your Roth in Individual Stocks, Penny Stocks, Real Estate, Cryptocurrency, Gold, LLCs, Notes...Almost anything! (but Wall Street won't tell you this)
- You can start and fund a Roth at ANY age (3 years old or 93 years old). All you need is earned income.

ROTH TRUTHS – Continued

- No RMDs with Roth IRAs
- You need to have a Roth ‘account’ for at least 5 years in order to withdrawal, or wait until you are age 59 ½ (whichever is longer).
- You can convert your traditional IRA to Roth in any amount, at any age
- You can roll out Roth money in a 401k to a Roth IRA...**BUT NOT** roll Roth IRA money into a Roth 401k.
- If you inherit a Roth, you can take withdrawals at ANY age tax-free, but must drain it within 10 years.
- One bad note – Unrelated Debt Financed Income (UDFI applies in a Roth)

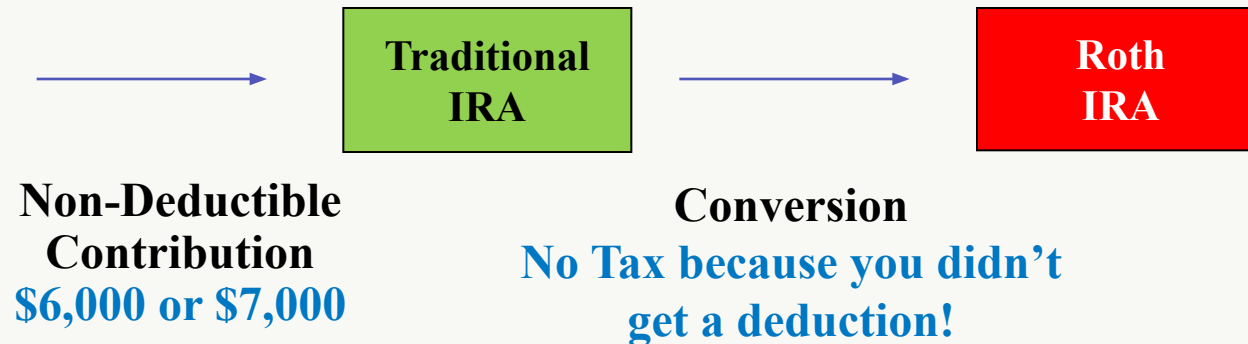
BACK DOOR

ROTH

TOLD
No by
current
CPA or
Financial
Advisor??

They're
Wrong!!

The "Back Door Roth" works at
ANY Income Level & ANY Age!
(You can even do it on top of your 401k)



**** HOWEVER, you must Convert old Traditional IRAs FIRST before using Backdoor Strategy. For this conversion, you will pay tax.**

HOW TO GET INTO THE PARTY

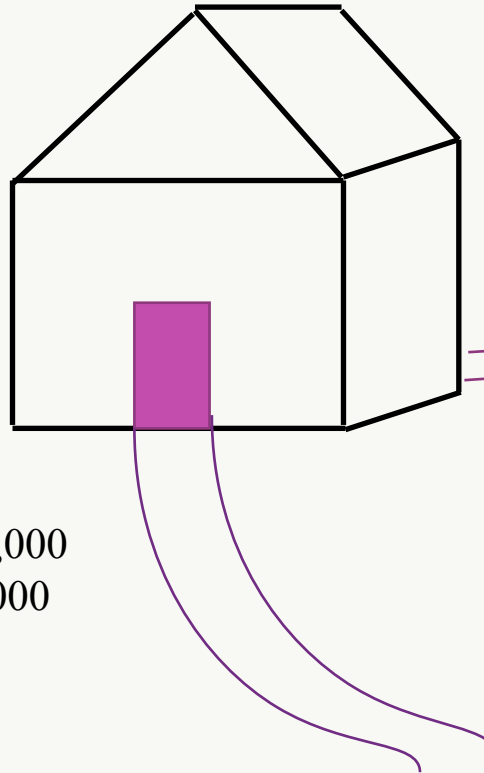
The “Roth Party”

FRONT DOOR

Roth Contribution (under age 50) - \$6,000
(50 and over) - \$7,000

Phase out of Roth Eligibility:

Single \$129,000 - \$144,000
Married \$204,000 - \$214,000



BACK DOOR

Non-Deductible IRA Contribution (under age 50) - \$6,000
(50 and over) - \$7,000

ANY INCOME LEVEL Can do so!!

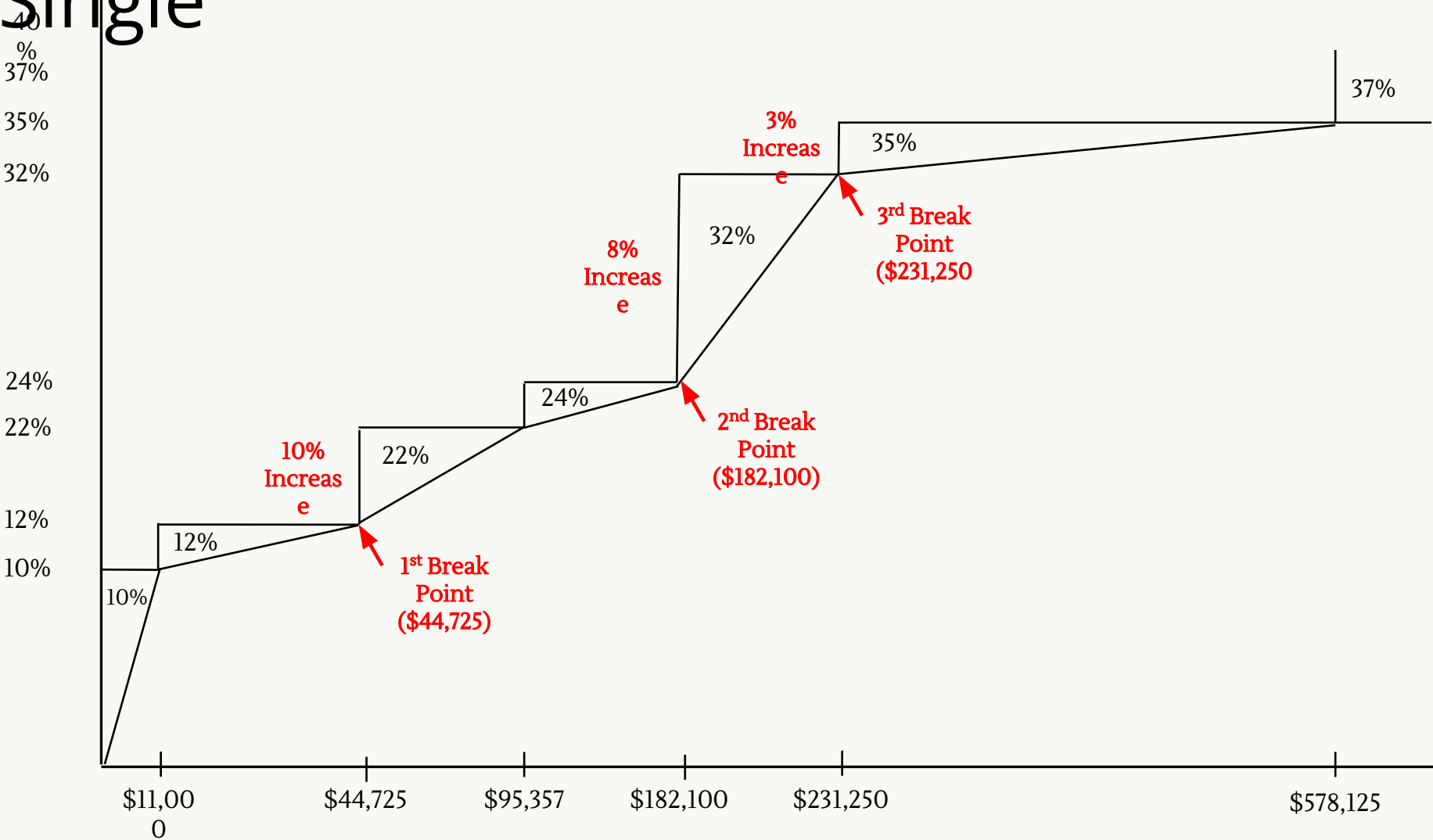
THEN Convert to Roth IRA!!

At ANY Income Level!!

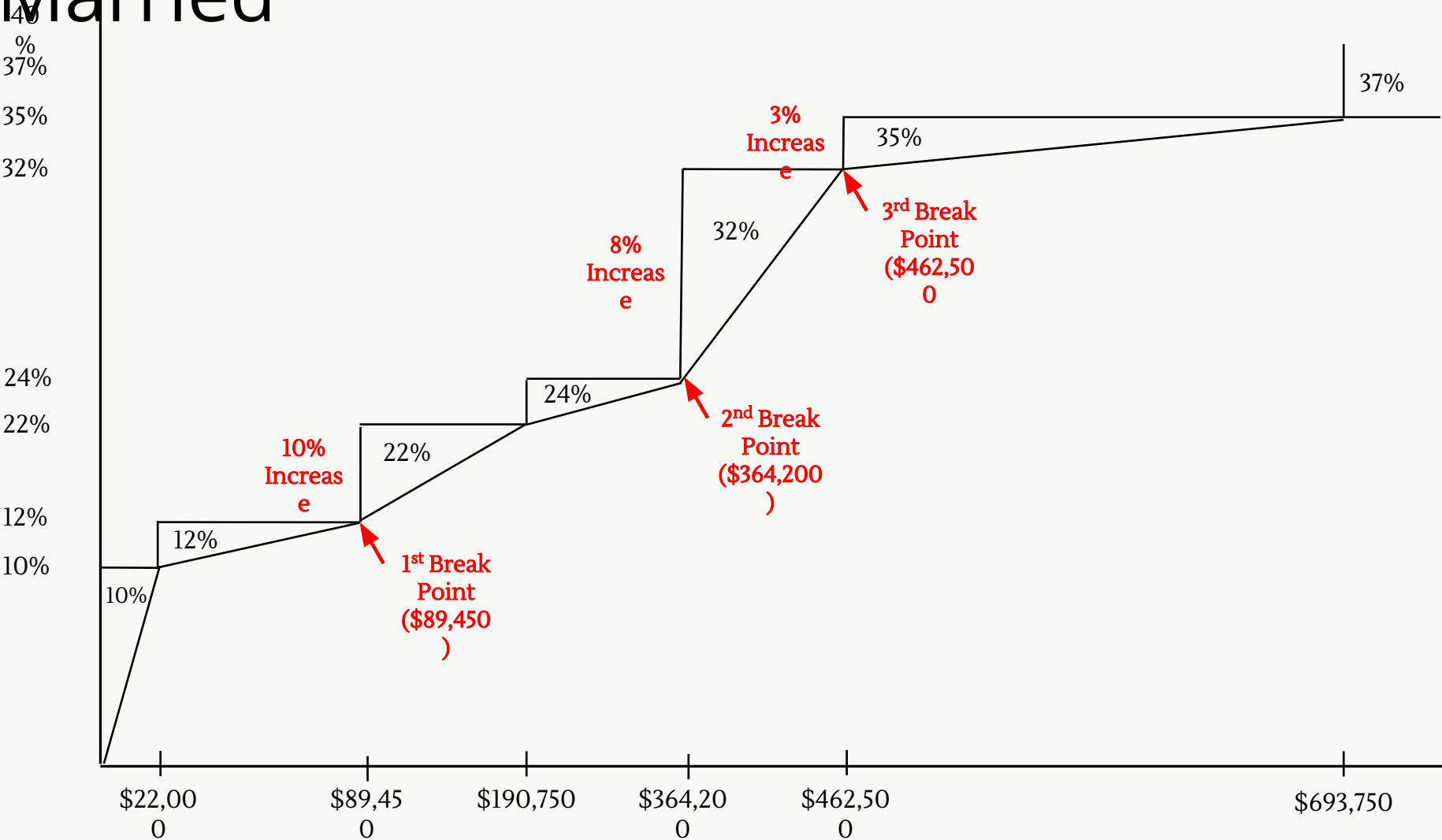
Only Rule: Must convert other Traditional IRA \$\$s first

Loophole: Roll Traditional IRAs into any 401k plan, and bypass the “Only Rule” above. 😊

ROTH CHUNKING - Single



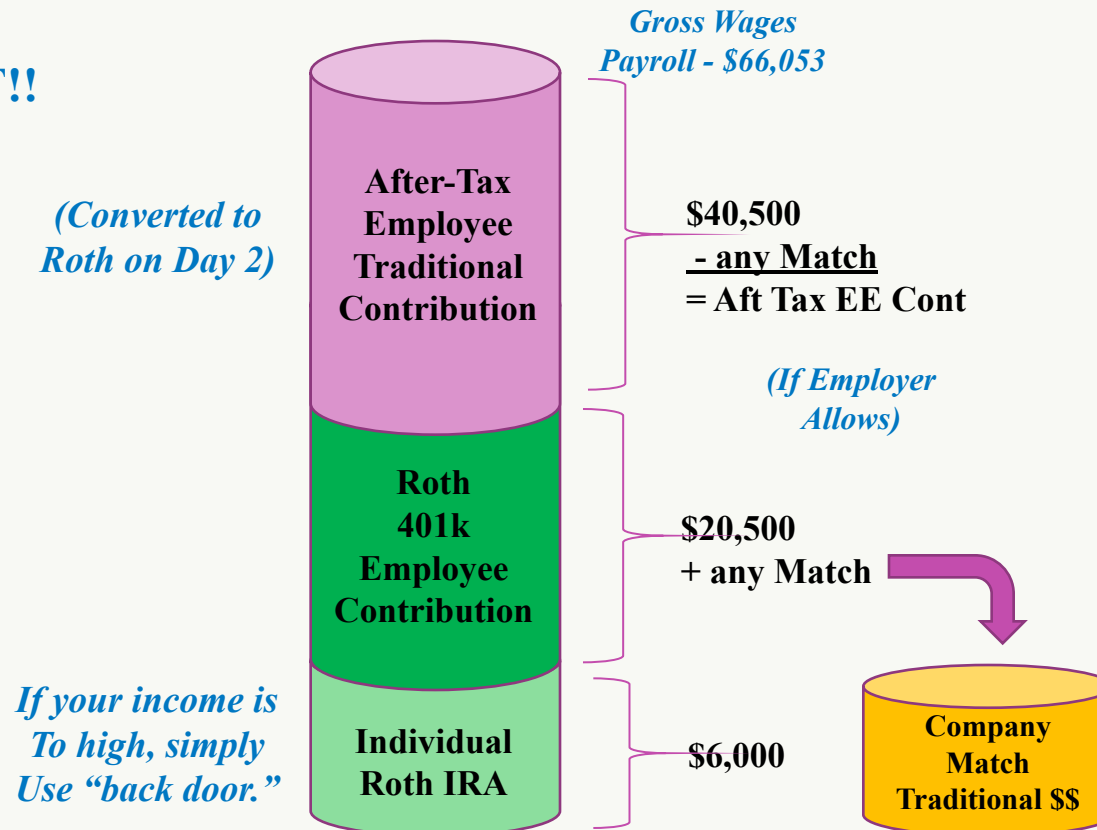
ROTH CHUNKING - Married



2022 Mega Back Door Roth

(Employee **UNDER** age 50)

**** Always Satisfy
Payroll Matrix FIRST!!
Start from there**



Possible Total
\$61,000 401k
\$6,000 Individual Roth
\$67,000 - Total

➔ ***With Solo 401k
"elect no match"***
\$40,500 = Aft Tax EE Cont

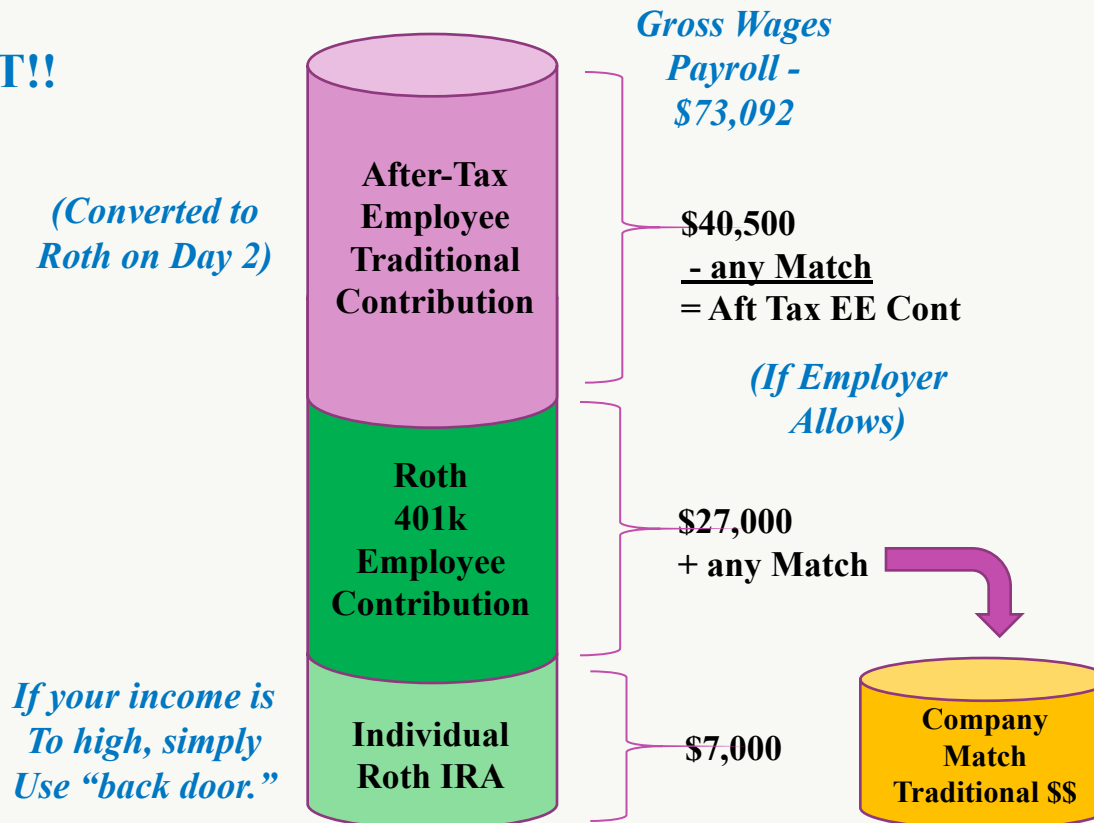
***Max Solo 401k
Contribution
requires Payroll:
\$66,053***

* For Illustration Purposes Only

2022 Mega Back Door Roth

(Employee age 50 **OR OVER**)

**** Always Satisfy
Payroll Matrix FIRST!!
Start from there**



*If your income is
To high, simply
Use “back door.”*

Possible Total

\$67,500 401k

\$7,000 Individual Roth

\$74,500 Total

*With Solo 401k
“elect no match”*

\$40,500 = Aft Tax EE Cont

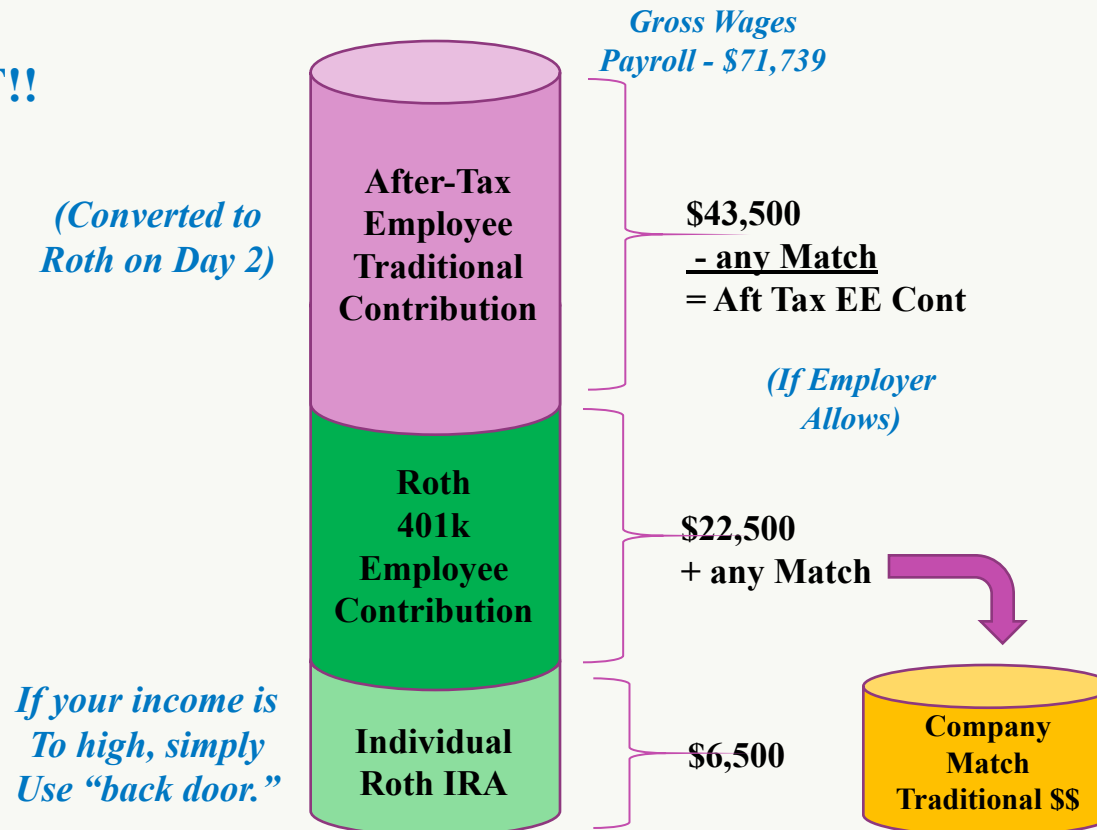
*Max Solo 401k
Contribution requires
Payroll:
\$73,092*

* For Illustration Purposes Only

2023 Mega Back Door Roth

(Employee **UNDER** age 50)

**** Always Satisfy
Payroll Matrix FIRST!!
Start from there**



Possible Total
\$66,000 401k
\$6,500 Individual Roth
\$72,500 - Total

➔ ***With Solo 401k
“elect no match”***
\$40,500 = Aft Tax EE Cont

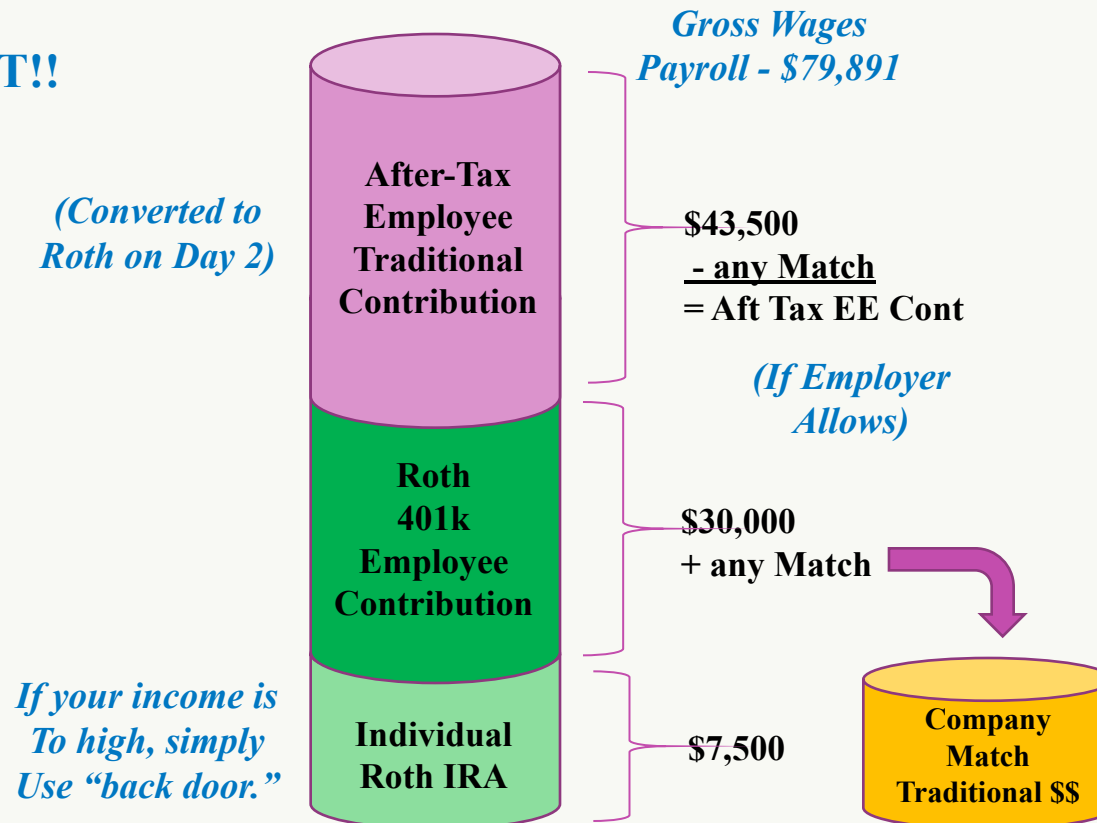
***Max Solo 401k
Contribution
requires Payroll:
\$71,739***

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2023 Mega Back Door Roth

(Employee age 50 **OR OVER**)

**** Always Satisfy
Payroll Matrix FIRST!!
Start from there**



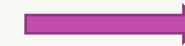
*If your income is
To high, simply
Use “back door.”*

Possible Total

\$73,500 401k

\$7,500 Individual Roth

\$81,000 Total



*With Solo 401k
“elect no match”*

\$40,500 = Aft Tax EE Cont

*Max Solo 401k
Contribution requires
Payroll:
\$79,891*

** For Illustration Purposes Only*

THE “Financial Landscape”

What's Your Path?

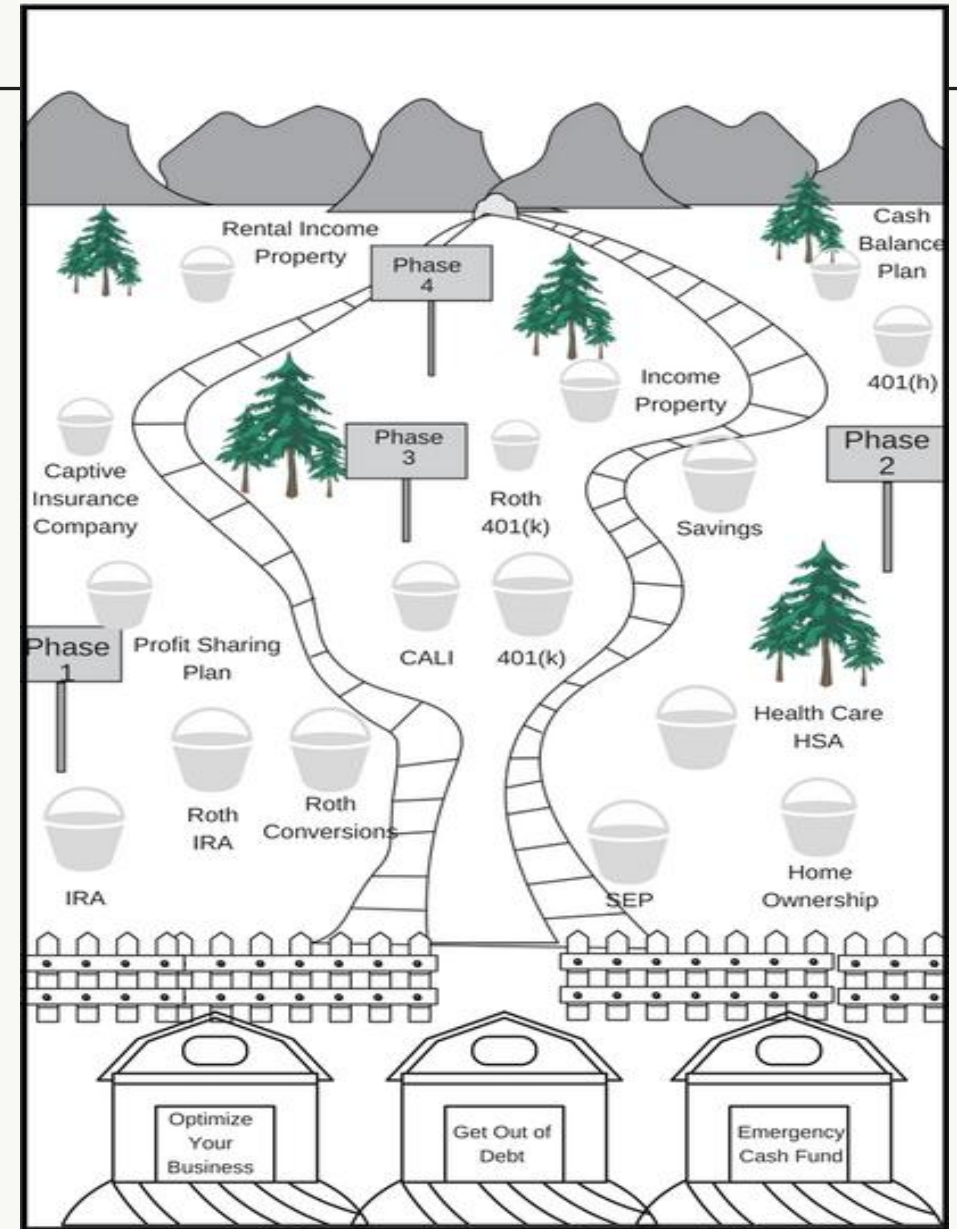
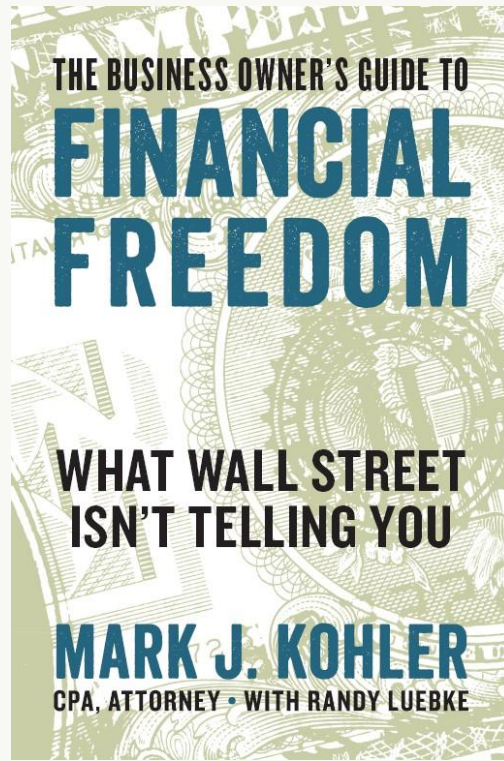
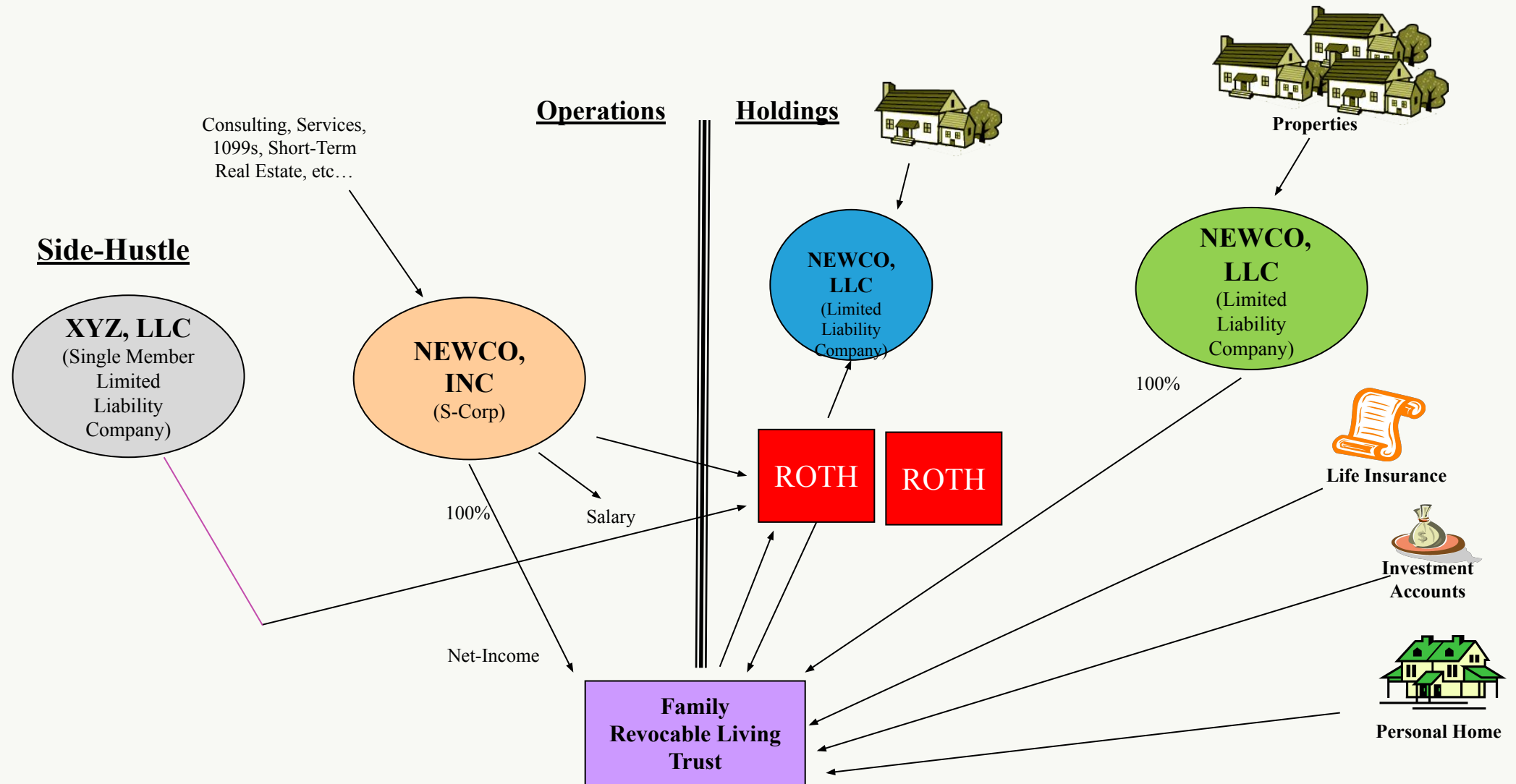


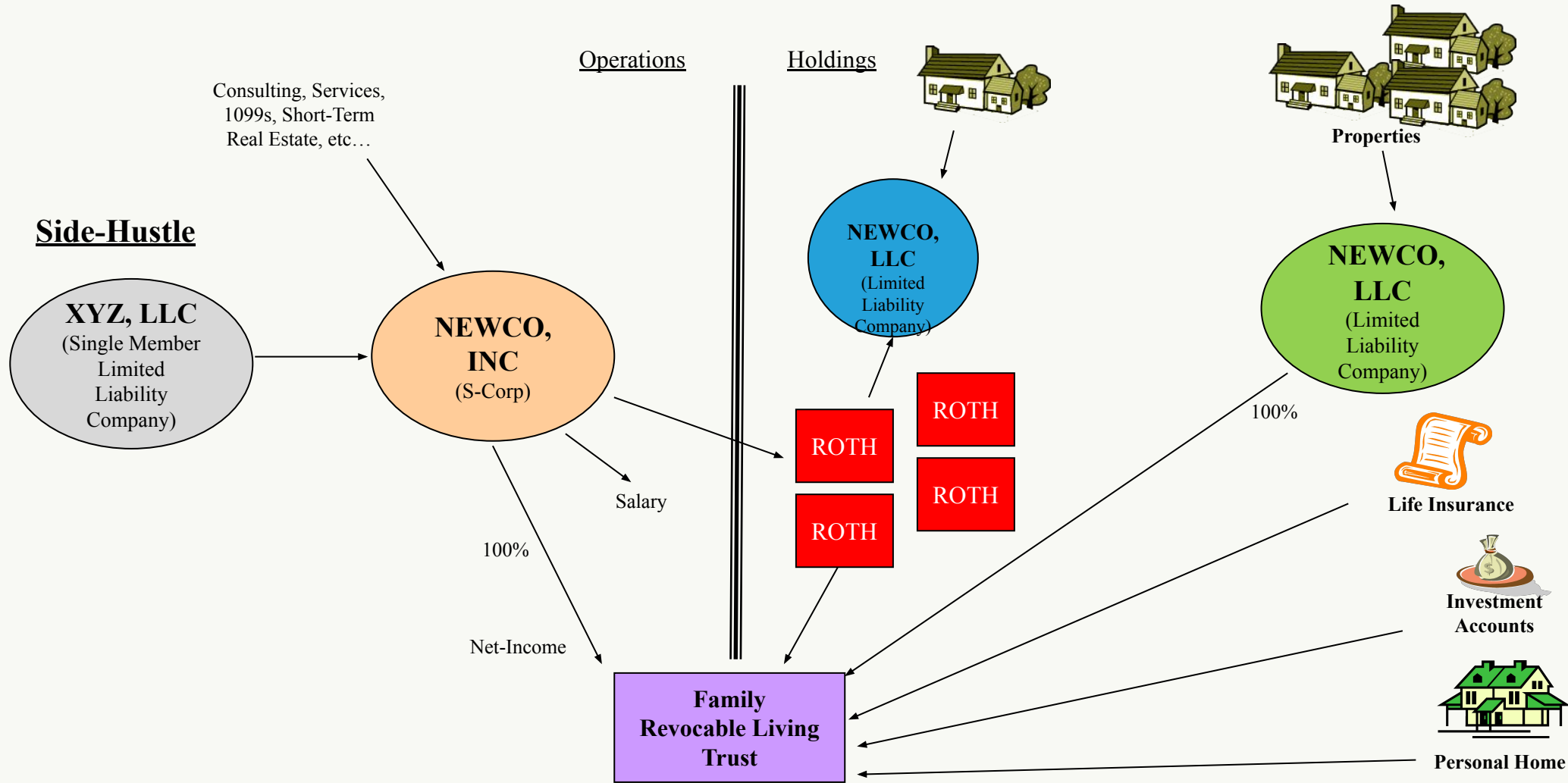
Figure 9.1 Entrepreneurs Financial Landscape

START WITH A ROTH IRA AND HSA



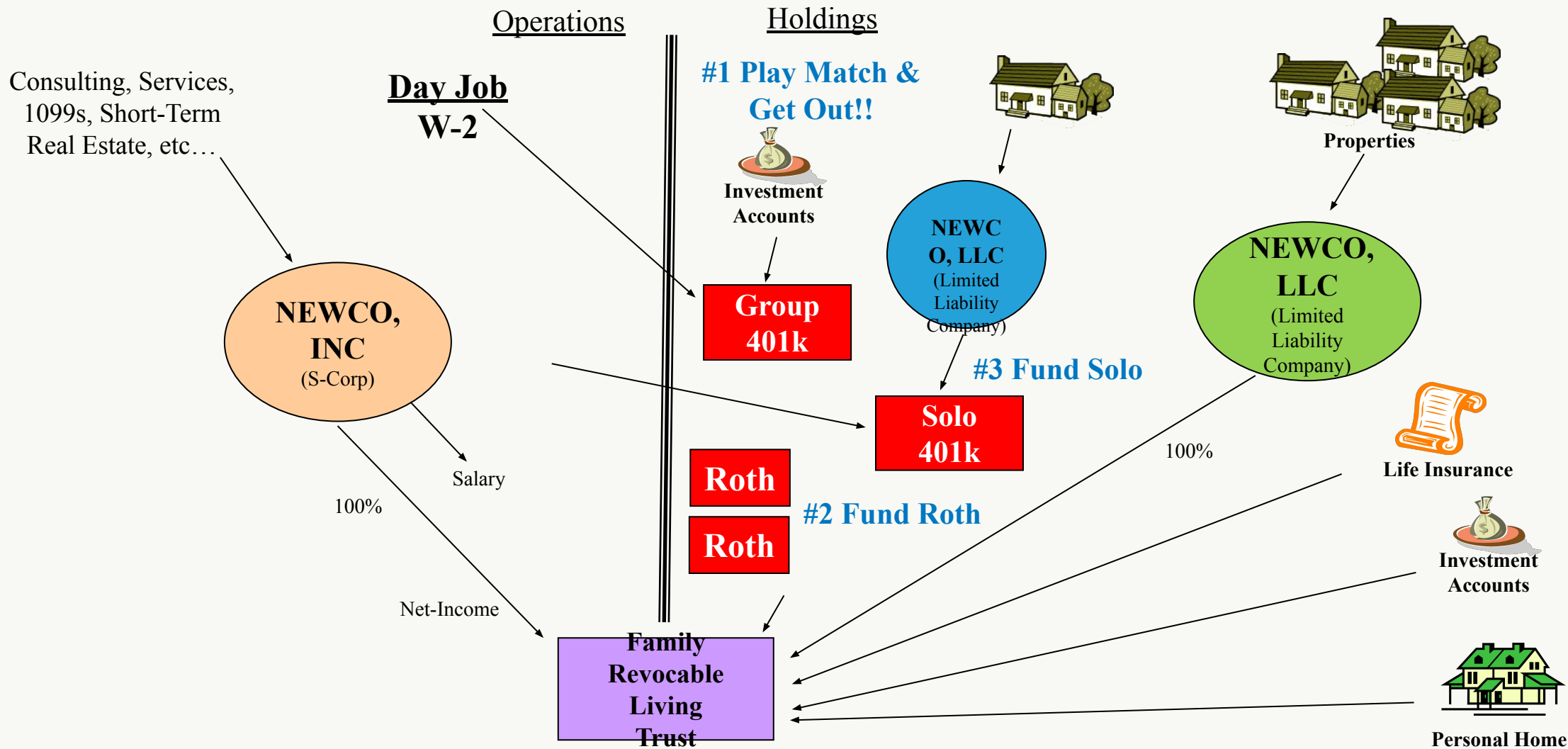
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ROTH IRAS FOR ALL FAMILY MEMBERS



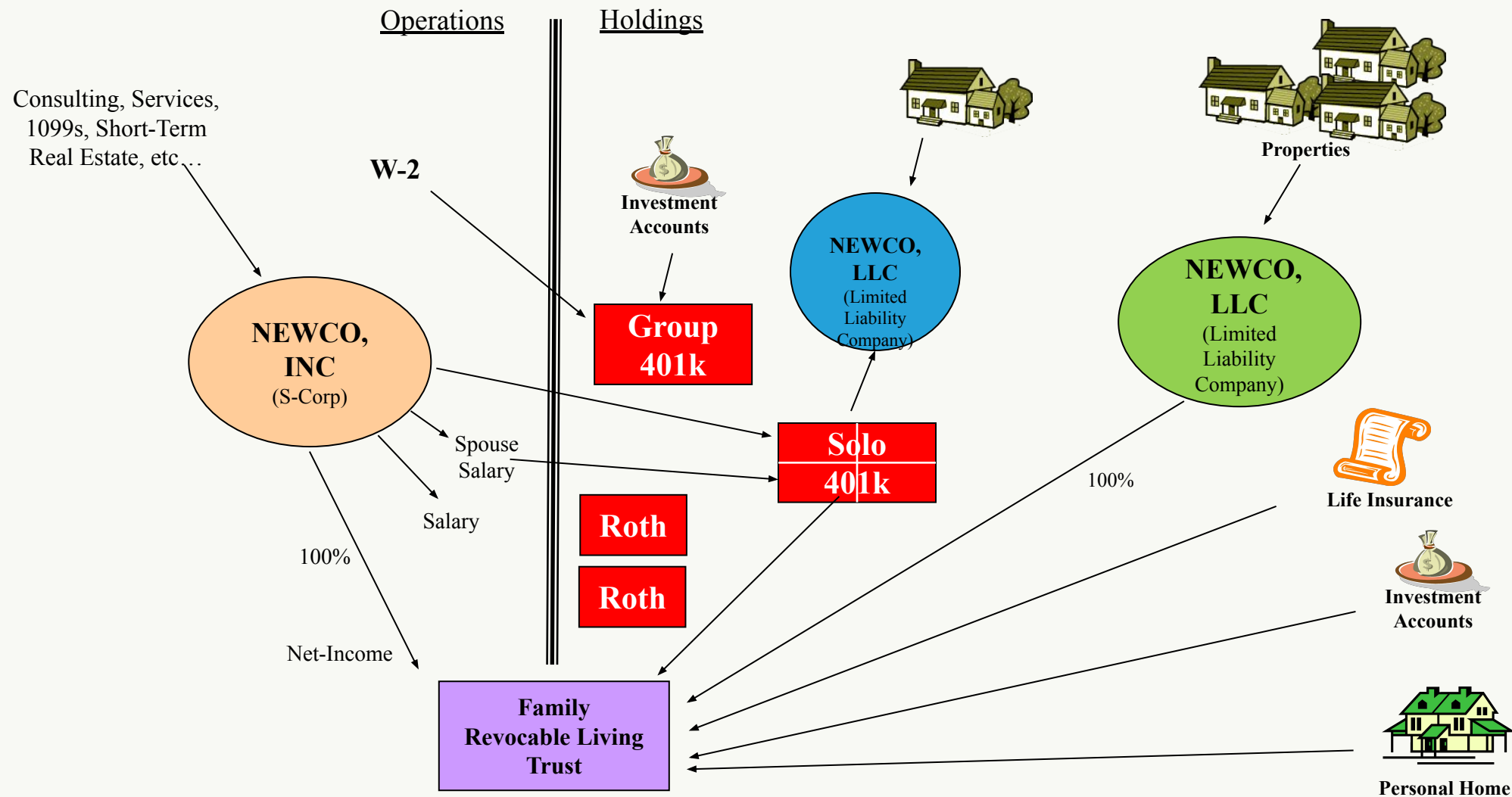
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FUNDING 401K PLAN



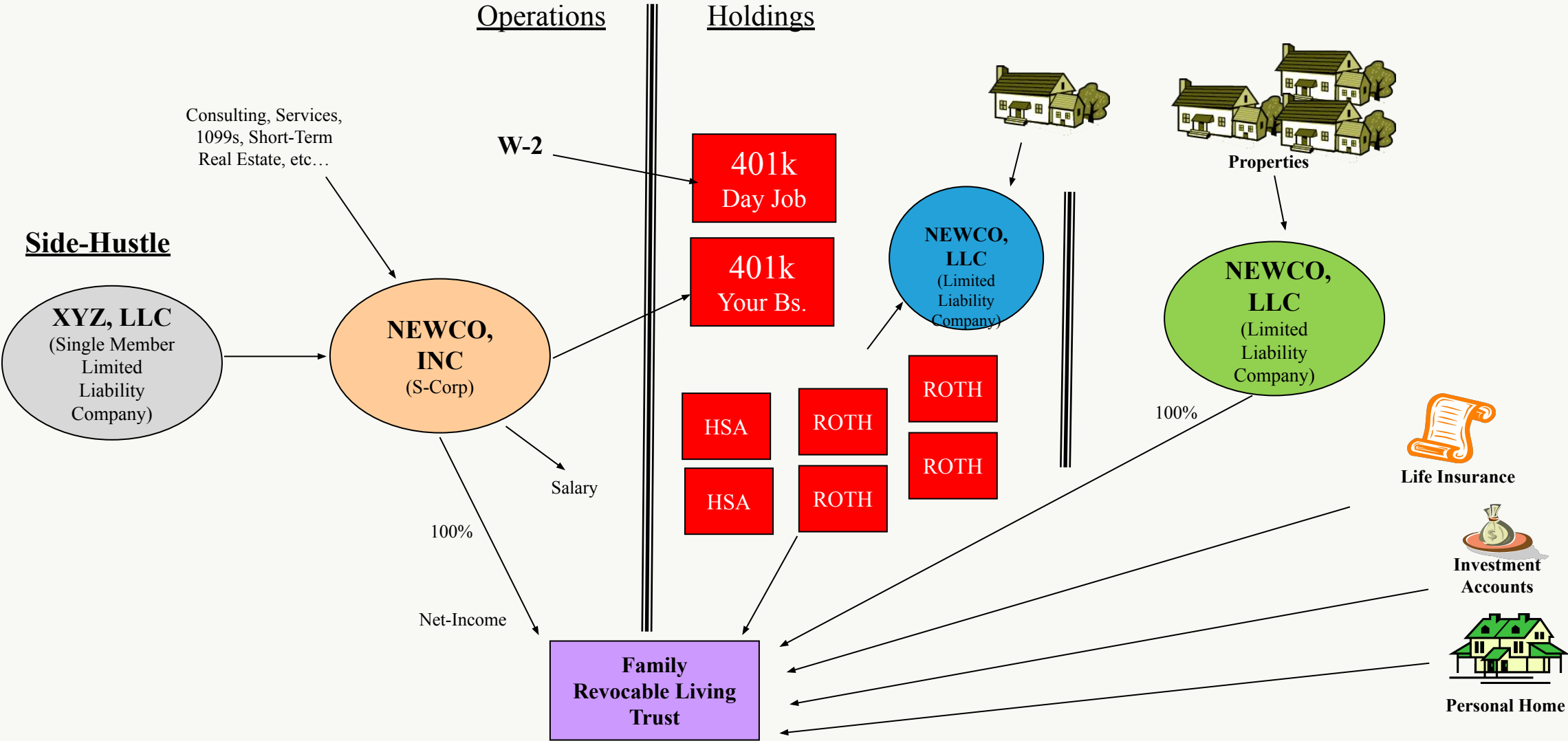
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PAYING A SPOUSE TO FUND 401K



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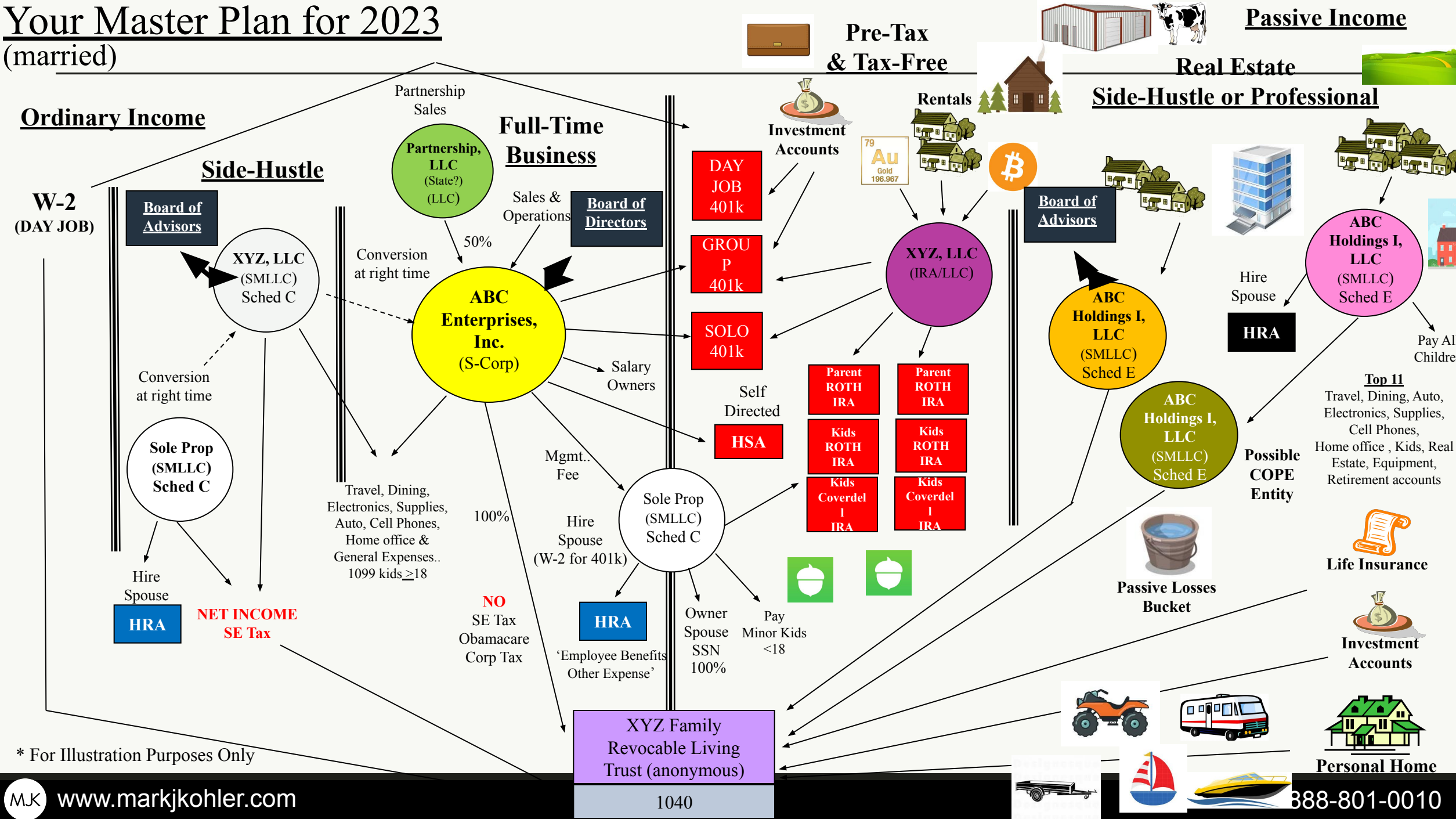
BRINGING IT ALL TOGETHER



* For Illustration Purposes Only

Your Master Plan for 2023

(married)



Your Master Plan for 2023

(Single)

