Six Things You Should Consider Before Doing a Roth Conversion

1. ***Tax Brackets***
   Paying more federal and, potentially, state taxes today will lower these taxes in all future years. That's a multiplier-type effect, even though we can't predict future tax brackets.

2. ***Need for liquidity***
   If you use your liquid savings outside your IRA to pay the income taxes, will you be in a tight position if you need cash for an emergency? (Taking extra money out of the IRA to pay taxes partially defeats the purpose.)

3. ***IRMAA***
   Because all of the conversion is considered taxable income in the year of conversion, it can raise your Medicare Part B and Part D premiums in the short term. Long-term, these premiums will be far lower because Roth withdrawals don't impact IRMAA taxation.

4. ***Taxation of Social Security Benefits***
   If you add your conversion amount to your adjusted gross income, it could make up to 85% of your Social Security benefits taxable in the year of the conversion. But future Roth withdrawals won't impact your benefit taxation.

5. ***Market Timing***
   The last thing you want to do is convert at the "top" of the market, when your account is most highly valued. Think of how you would feel if you paid taxes on the peak value at conversion, only for the market to decline in the next year. Of course, no one has a crystal ball about when the market has peaked!

6. ***Your Longevity***
   It's difficult to gauge how long your assets might have to grow on this tax-free basis after conversion. And after your death, your beneficiary will face slightly different withdrawal rules, depending on whether the beneficiary is a spouse, and how the inherited IRA is handled.