

Darcy Bergen Discusses Why a Roth Conversion May Make Sense for You

Financial planner Darcy Bergen recently discussed why a Roth IRA conversion could work for you in the current economy.

PEORIA, AZ, UNITED STATES, April 12, 2021 /EINPresswire.com/ -- The stock market took a major downturn during the 2020 coronavirus pandemic. For retirees and potential retirees, this means retirement savings may have been sacrificed. However, the downturn has created one positive result for retirees. Financial planner [Darcy Bergen explained that a Roth IRA conversion](#) could be an ideal option for those saving for retirement right now.

Darcy Bergen explained that a Roth IRA conversion involves changing a pre-tax retirement account to an after-tax Roth account. This unique strategy offers several unique benefits as compared to a qualified individual retirement account or 401(k).

"The idea of paying tax now may not sound appealing at first," Darcy Bergen said. "However, paying taxes now, while the markets are down, means you'll pay lower tax rates due to the new Tax Cuts and Jobs Act."

Darcy Bergen explained that recent weeks have resulted in stock market sell-offs due to fears of the rise in coronavirus cases across the United States and likely worldwide. This means investors can find a better deal on Roth conversions.

"Investors with traditional IRA accounts do not pay taxes on that savings until they withdraw the savings in retirement," Darcy Bergen said. "The idea of paying tax upfront now while the portfolio is lower means you have the opportunity to pay less tax overall."

[Darcy Bergen added that a Roth conversion offers the benefit of tax](#) diversification. Similar to diversifying investments, diversifying taxes means it reduces the risk associated with not knowing what tax rates will do in the future. After all, nobody could predict the occurrence of the coronavirus pandemic or the CARES Act tax provisions as a response/impact it had on markets. Darcy Bergen explained that while many investors diversify their investment accounts, many do not diversify them greatly from a tax standpoint.

"Right now, we're experiencing some of the lowest tax rates we have ever seen in the United States," Darcy Bergen said. "Converting assets when the value is low can save the investor tens

of thousands of dollars in taxes."

[Darcy Bergen finished by stating that the coronavirus pandemic](#) has made navigating the markets difficult and scary for some investors. However, a Roth conversion is one way investors can take advantage of the down market and prepare for better times in the future. Tax rates are currently low, but they're expected to increase as the pandemic slows and the U.S budget deficit is increased.

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Phone: 602-635-4875

Fax: 623-337-5428

Bergen Financial Group

20542 North Lake Pleasant Road, Suite 111

Peoria, Arizona, 85382

www.bergenfinancialgroup.com

Caroline Hunter

Web Presence, LLC

+1 786-551-9491

[email us here](#)

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