

The "Backdoor" Into A Roth IRA

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As a 21-year-old college student, I have already begun to consider what type of retirement account I want to build throughout my career. The Roth IRA has stood out for many reasons, but unfortunately many young people do not even know what a Roth IRA is. A Roth IRA is a tax-advantage retirement account that allows you to withdraw your money tax-free. Your contributions are not tax deductible, but as soon as you begin to withdraw the money, you will not have to pay any kind of tax on it. The problem people are beginning to run into is the salary cap on the requirements to open a Roth IRA. Throughout my research I have begun to search and address the way around opening a Roth IRA if you do not qualify. I have found that there is in fact a legal way to receiving the tax-free benefits of a Roth IRA that some may refer to as the "backdoor" method. The most common approach is converting a traditional IRA to a Roth IRA. My presentation and paper will be a reflection of the different types of IRA accounts, how to obtain a Roth IRA through the backdoor method, and why one should consider a Roth IRA retirement account.