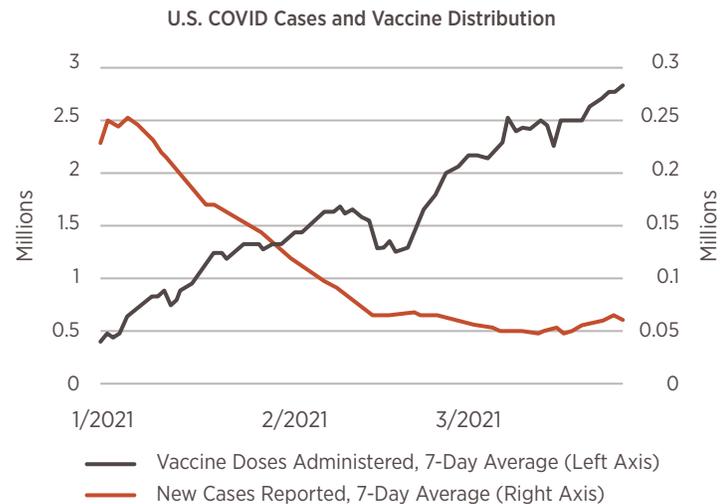




### Chart of the Month



Looking back over the past year, financial markets have gone on an incredible run. The S&P 500 index of large cap US stocks rose by 54%, while the Russell 2000 index of small cap stocks rose by 93%. The yield on the 10-year treasury note has risen from 0.58% to 1.74%. A low starting point from the depths of March 2020, monetary support from the Fed, and fiscal support from congress have all played a role. However, the core of the market's recovery has been the anticipation of a strong economic recovery as the pandemic subsides. As this month's chart shows, that moment may be moving closer. Distribution of vaccines has reached a pace approaching 3 million doses a day in the US. Reported new COVID cases are down significantly from the beginning of the year. Given this pace of improvement, we may well see the economy catching up to the market's expectations in the near future.



Source: Bloomberg



### The Advisor Survey:

Jordan Swisher, CPA, CFP®, Wealth Advisor

*The Advantages and Disadvantages of a Roth IRA Conversion*

**ADVANTAGES: Converting a Traditional IRA to a Roth IRA is a taxable event.** You pay ordinary income tax on the converted amount. And federal tax rates are now near historic lows, thanks to the Tax Cuts and Jobs Act, and they are scheduled to stay there through 2025. On the other hand, if you are the original owner of a Roth IRA, you do not have to start taking distributions at age 72. And if you are least 59½ years old and have owned the Roth IRA for at least five years, any distributions you take may be exempt from federal taxes.<sup>1</sup>

**A Roth conversion may be appealing purely from an income tax perspective.** Taxable incomes have declined for many households due to recent economic slowdown, resulting from the COVID-19 pandemic in 2020, and it might put some traditional IRA owners in lower tax brackets this year. Add in the fact that federal income tax rates are low, to begin with, and now could be a good time to go Roth.<sup>1</sup>

**DISADVANTAGES: You don't have enough outside funds to pay the conversion tax.** This is by far the largest consideration for a Roth conversion. You are subject to income taxes on the amount you convert to a Roth IRA. If the conversion amount is large enough, it may even push you into a higher tax bracket.

**You are Near Retirement or will be in a Lower Tax Bracket in the Future.** As discussed above, converted amounts will be subject to state and federal income taxes. If you are still working, you are likely in a higher tax bracket than you will be once you retire. Roth conversions are most beneficial for investors who will find themselves in a much higher tax bracket in later years when they would be taking IRA withdrawals.

This article is for informational purposes only. It does not replace real-life financial or tax advice. Be sure to consult a tax or financial professional before making any decisions regarding your traditional IRA or Roth IRA. To learn more about this topic, visit [6meridian.com/category/resources](https://6meridian.com/category/resources).

1. Bankrate, July 21, 2020

	Source: Bloomberg 2021	March	YTD	2020	Benchmark
<b>Stocks</b>	United States	4.4%	6.2%	18.4%	S&P 500
	Intl Developed	2.3%	3.5%	7.8%	MSCI EAFE
	Emerging Markets	-1.5%	2.3%	18.3%	MSCI Emerging Markets
<b>Bonds</b>	US Investment Grade	-1.2%	-3.4%	7.5%	Barclays US Aggregate
	US Municipals	0.7%	-0.5%	6.3%	Barclays Municipal Bond 15y
	Intl Investment Grade	-2.4%	-5.3%	10.1%	Barclays Global Aggregate xUSD
	Global High Yield	-0.9%	-1.0%	7.0%	Barclays Global High Yield
	Emerging Markets \$	-1.3%	-3.5%	6.5%	Barclays Emerging Markets USD Aggregate
<b>Other</b>	Commodities	-2.1%	6.9%	-3.1%	Bloomberg Commodity
	Gold	-1.5%	-10.0%	25.1%	Gold New York Spot (\$/oz)
	Oil	-3.8%	21.9%	-20.5%	Crude Oil WTI/Global Spot NYMEX

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