

COVID-19 ACTIONABLE STRATEGY #4



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Here is a transcript of the video:

Hey there everybody, Austin Peterson here with Backbone Financial & Lincoln Financial Advisors. This is video 4 in my 8 video series of what you can control yourself or actionable strategies that you can employ during this Covid-19 pandemic. Today we're just going to talk about Roth IRA contributions. If you qualify for a Roth IRA, and what I mean by that is if your income is low enough for the Federal guidelines that you can contribute to a Roth IRA. You have the ability to put \$6000 per year if you are under age 50 or \$7000 per year if you are over age 50 into a Roth IRA. The benefit to that is that when you make withdrawals and all of the growth that comes after those contributions is able to be withdrawn tax free in retirement. Tax-free income at any time, especially in retirement is pretty beneficial to all of us. So, something to consider...we've talked about dollar cost averaging and hopefully you remember what that means and typically I would say we want to dollar cost average into the market, but given where we are in terms of the market pullback today, you may want to consider, if you have the cash on hand, putting the full \$6 or \$7000 into the account today. Certainly, discuss that with your tax professional and decide if it makes sense for you. Also, what I would add is that many 401(k)'s have Roth options and so something again to discuss with your tax professional to see if it makes sense for you to use the Roth option in your 401(k), rather than the pre-tax version of the 401(k) contributions. I

hope this strategy makes sense to you and is something that is beneficial to you. Everybody stay health and keep those hands washed. Thanks for listening.

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