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2020 Was the Year of the Roth

What About 2021?

ROTH
IRA

TODAY'S SPEAKERS

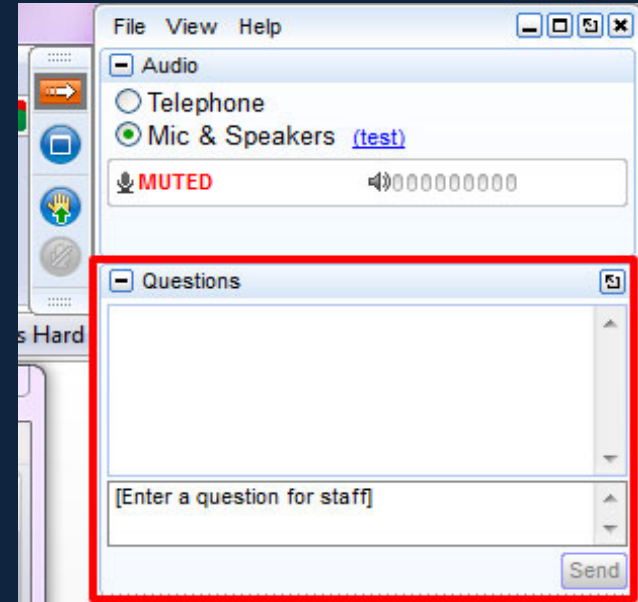


PATRICK HUGHES, CFP
Managing Partner & Financial Advisor



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Q & A HAVE QUESTIONS?



ABOUT HUGHES FINANCIAL SERVICES



RIA

Independent
Registered
Investment
Advisor



Comprehensive
financial planning
and wealth
management



Fiduciary



Professional
certifications
and continuing
education



Over 90 years
combined
experience

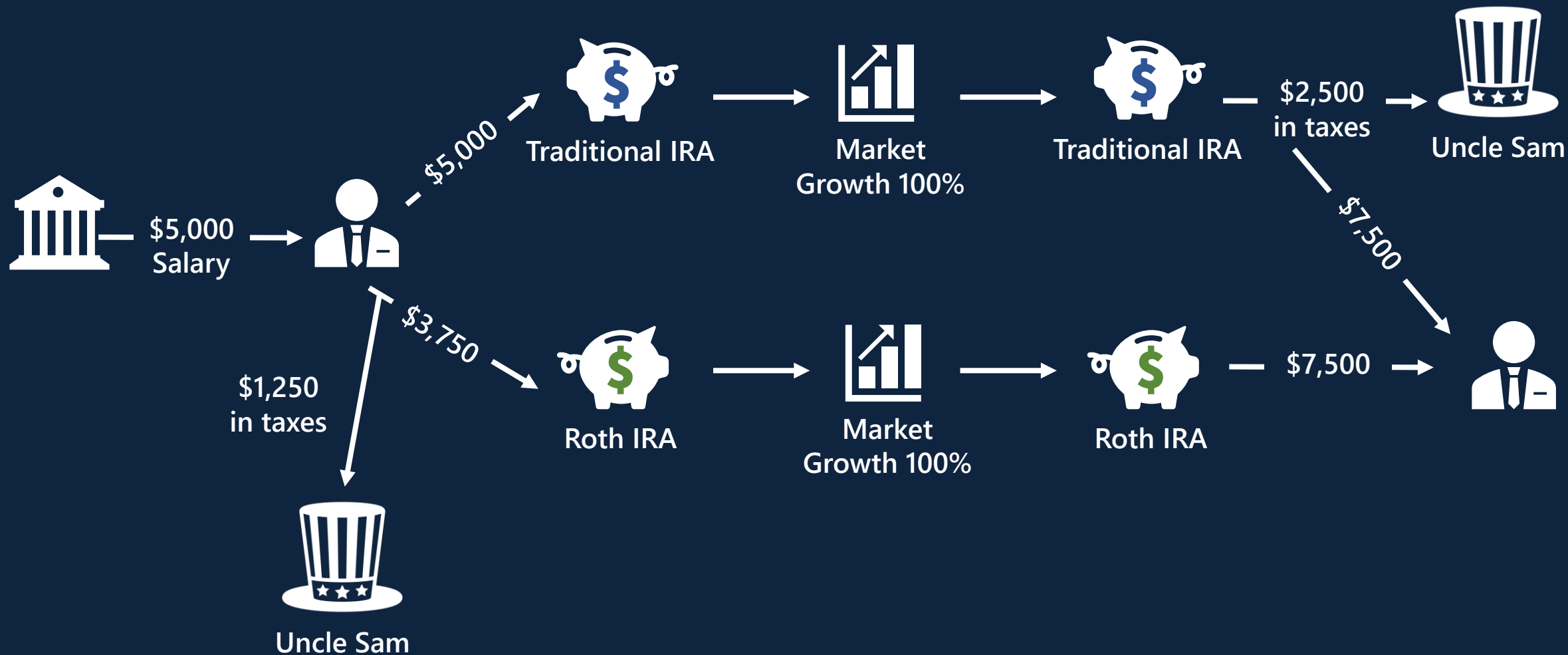
ROTH IRAs

Traditional IRA vs Roth IRA



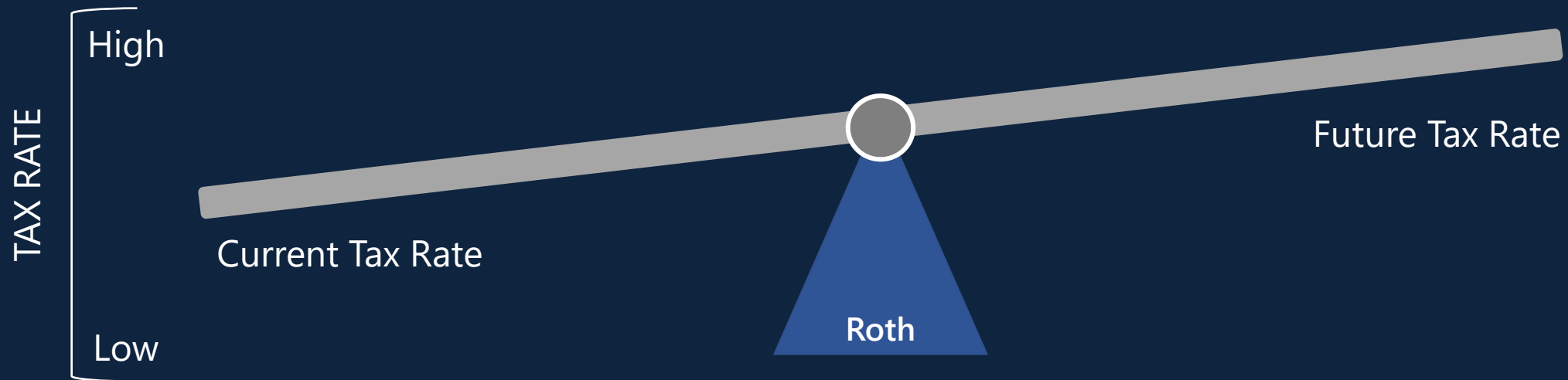
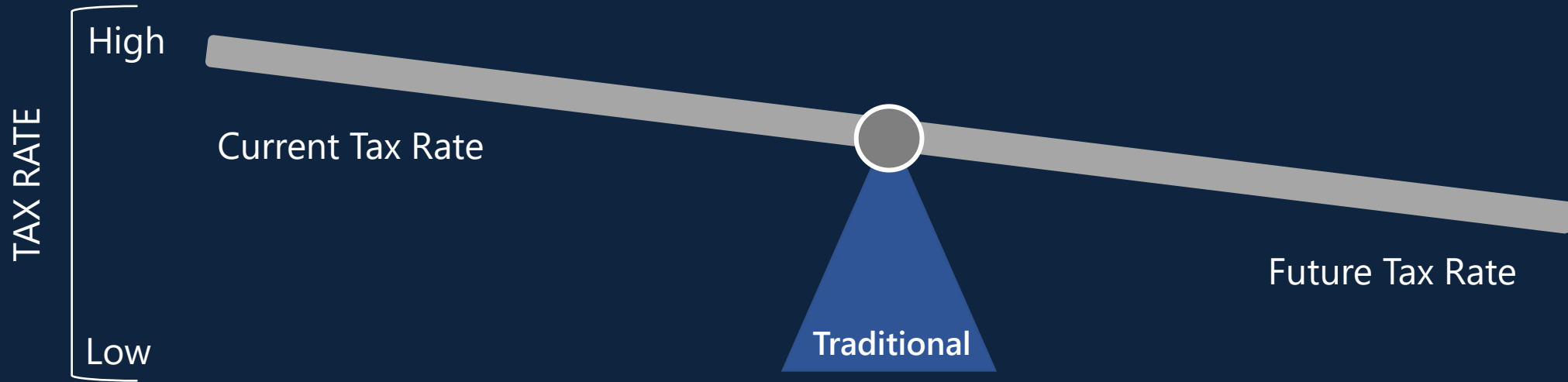
ROTH IRAs

Traditional IRA vs Roth IRA Example



ROTH IRAs

Consider Your Tax Brackets





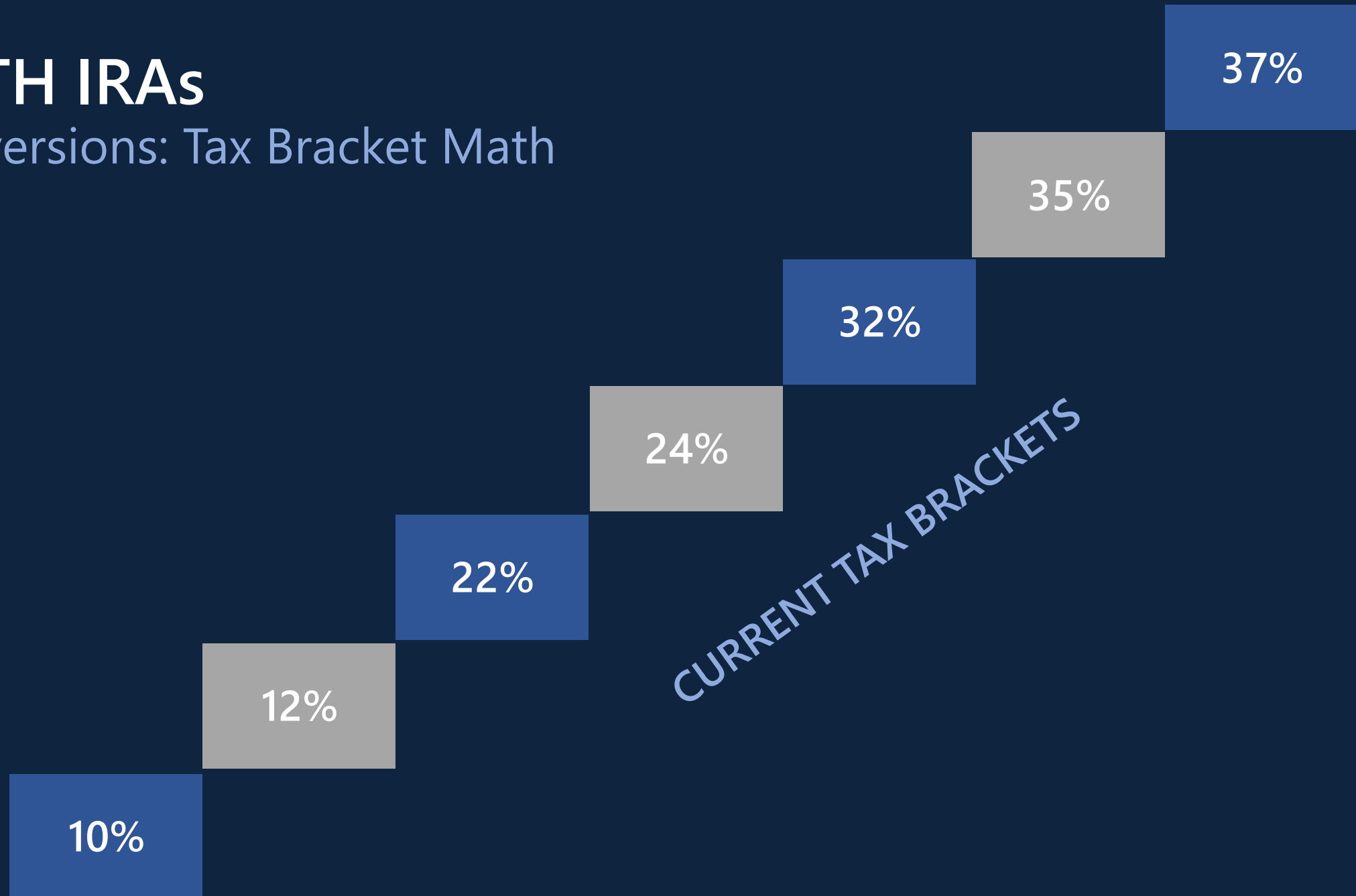
TRADITIONAL & ROTH IRAs

Contributions for 2020

IRA Type	Contribution Limit	Catch-Up (Age 50+)	Income Limits
Traditional Nondeductible	\$6,000	\$1,000	None
Traditional Deductible	\$6,000	\$1,000	If covered by a plan: JOINT \$104,000- - 124,000 SINGLE/HOH \$65,000 – 75,000 MFS \$0 – 10,000 If one spouse covered by a plan: JOINT \$196,000 – 206,000
Roth	\$6,000	\$1,000	JOINT \$196,000- - 206,000 SINGLE/HOH \$124,000 – 139,000 MFS \$0 – 10,000
Roth Conversion			None

ROTH IRAs

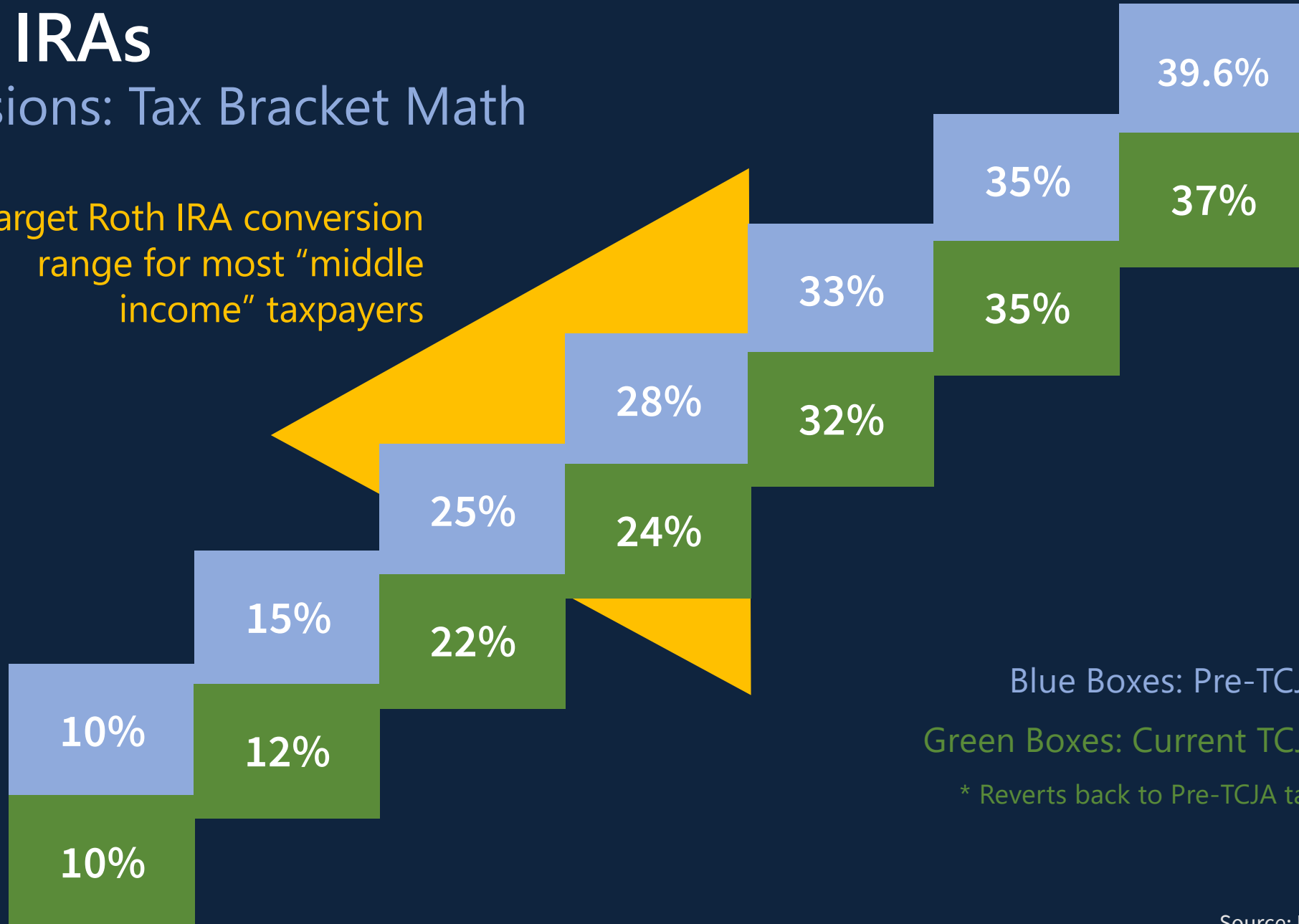
Conversions: Tax Bracket Math



ROTH IRAs

Conversions: Tax Bracket Math

Target Roth IRA conversion
range for most "middle
income" taxpayers



Blue Boxes: Pre-TCJA Tax Brackets
Green Boxes: Current TCJA Tax Brackets
* Reverts back to Pre-TCJA tax brackets in 2026

ROTH IRAs

Factors to Consider

- **Greater flexibility to manage your “Family’s Lifetime Income Taxes”**
 - No Required Minimum Distributions (RMDs)
 - Roth IRAs great defense to SECURE Act
 - Married filing jointly vs single filer
- **Potential for higher taxes in future**
- **The clock is ticking ...**



5 STAR TIP

Consider paying
taxes on the seed
rather than the
harvest





ROTH
IRA

AND I ONLY
HAD TO PAY
TAX ON THE
SEED

Hughes Financial Services will be hosting **20-minute virtual educational Lunch & Learn sessions** during which we'll do a deep dive on an array of financial planning topics. Grab your device and lunch and join us each **Wednesday at 12:00 pm** to juice up your financial planning knowledge!



All Wednesday Lunch & Learn presentation recordings are available 24/7 at www.h4fs.com

*** Under the Events tab**

Estate Planning in 2021 with Guest Speaker Martha Sotelo, Esq., Principal, Vaughan, Fincher & Sotelo, PC

Tax Planning in 2021: What to Expect & Plan For with Guest Speaker Liz Nuti, President, Accounting & Tax Solutions, Inc.

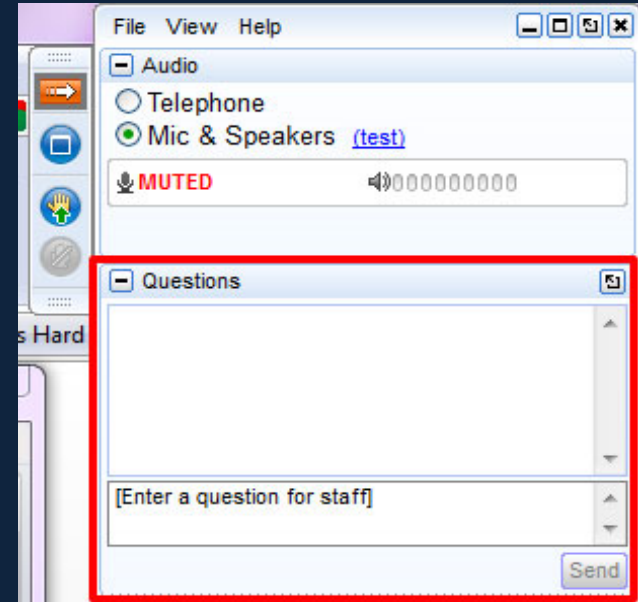
ESG Investing: What is it and should you consider it in your financial plan?

The 2021 Plan to Protect Yourself Against Identity Theft and Cybercrimes

The Many Ways to Invest in Real Estate

2020 Was the Year of the Roth – What About 2021?

Q & A HAVE QUESTIONS?



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We offer our clients an impressive wealth of expertise in retirement and estate planning, investment and risk management, insurance, and education planning. Our advisors hold a variety of professional designations and certifications and are well versed in a number of financial disciplines. Our combined education and experience allows us to proudly offer you independent financial advice that you can trust.

Information in this presentation is based on sources believed to be reliable; however their accuracy or completeness cannot be guaranteed. This information is not intended to be a substitute for specific individualized tax, legal, or investment planning advice. Please note that (i) any discussion of U.S. tax matters contained in this communication cannot be used by you for the purpose of avoiding tax penalties; (ii) this communication was written to support the education of the matters addressed herein; and (iii) you should seek advice based on your particular circumstances from an independent tax advisor.

Investing involves risk including the potential loss of principal. No investment strategy, such as asset allocation and rebalancing, can guarantee a profit or protect against loss in periods of declining values. Please note that rebalancing investments may cause investors to incur transaction costs and, when rebalancing a non-retirement account, taxable events will be created that may increase your tax liability.

If annual compensation is less than the applicable limits shown, then the maximum contribution is limited to 100% of compensation. 2. If you contribute to a TDA, 403(b) Thrift and/or 401(k), the total amount contributed to all plans may not exceed \$19,000 (\$25,000 to all plans if age 50 or older. 3. Tax-Deferred Annuity, 403(b), 401(k) and governmental Section 457(b) plans. Section 457(b) Eligible Deferred Compensation Plan participants can make a special catch-up contribution if they are within three years of their normal retirement age.

Withdrawals from Roth IRA may be tax free, as long as they are considered qualified. Limitations and restrictions may apply. Withdrawals prior to age 59 ½ may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs. Their tax treatment may change.

Sources: APFA; Robert Keebler; Michael Kitces; IRS; Investopedia.com

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