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Huntington Bank's Five Tips for Growing Tax-Free Retirement Income Through Roth IRAs

Millions Can Take Advantage of New Rules for Taxpayers

COLUMBUS, Jan. 11 /PRNewswire-FirstCall/ -- Taxpayers have the opportunity in 2010 to save tax-free retirement income by converting current individual retirement accounts (IRAs) into Roth IRAs. If it all sounds like too much trouble, think again.

During the economic downturn, some individuals saw their 401(k)s or stock portfolios shrink, thanks to a decrease in stock valuations. Now, new rules from the Internal Revenue Service (IRS) might offer them another opportunity to grow their nest eggs.

Beginning this year, the IRS is repealing the $100,000 income limit for Roth IRA conversions. This opens the door for millions of taxpayers, who previously did not qualify, to convert to a Roth IRA and avoid paying taxes on the future retirement income it generates.

"At Huntington, we are now informing our customers of the new IRS guideline and how it may add value to their retirements," said Dan Benhase, senior executive vice president and private financial group director. "We believe that talking to customers about new opportunities is a critical step in our commitment to help them plan, grow and protect their assets."

The IRS is also giving taxpayers some flexibility to spread out the payment of taxes until 2011 and 2012 on the conversion. Individuals should consult their tax advisors to optimize their tax planning regarding this option.

Though you won't get a tax deduction for making a contribution to a Roth IRA, the contributions will grow tax free, and assuming you comply with the rules, you and even your heirs don't have to pay income taxes when you or they withdraw the money. With traditional IRAs, you may receive a tax deduction when you establish it, but when you or your heirs withdraw the IRA funds, the withdraws are often taxed as ordinary income.

The Roth IRA conversion is not for everybody. Here are five tips from Huntington Bank on what to consider:

1. The tax implications: If you are in a higher tax bracket, you may pay more taxes than those in a lower bracket, and most importantly, not using the IRA funds to pay taxes on the conversion is key to good Roth conversion planning. However, for many individual, if you expect to continue being in the higher bracket, a conversion might make sense for you because the retirement income will be income tax free.
2. The impact of the recession: If your retirement account took a beating in the stock market during the past few years, you may need to re-evaluate your current and future income needs, investment rate of return assumptions

and other changes while considering full or even partial conversion.

3. Estate planning: Roth IRAs may have some advantages over traditional IRAs in taxable estates because Roth IRAs are included net of income taxes, and beneficiaries may receive Roth IRAs income tax free.
4. Retirement strategy:An IRA should be only one aspect of your retirement plans. You should set goals for what you want to do when retired and determine what income you will need to meet those goals. You should also take into consideration any pension plans or government benefits you may have, 401(k)s, investments and savings.
5. Seek advice: Most importantly,talk to your tax advisor about the tax implications of a Roth conversion. And be certain to talk to a financial advisor about how best to plan for your retirement.

About Huntington

Huntington Bancshares Incorporated (Nasdaq: HBAN) is a $53 billion regional bank holding company headquartered in Columbus, Ohio. Through its affiliated companies, Huntington has been providing a full range of financial services including checking, loans, savings, insurance and investment services to customers for 143 years. Huntington also offers retail and commercial financial services online at huntington.com; through its technologically advanced, telephone bank; and through its network of nearly 1,400 ATMs.

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