PART 1 OF 2 · THE SIDE DOOR

BACKDOOR ROTH

Too rich for a Roth? Use the side door.

A Roth grows **tax-free for life** — but the IRS locks high earners out of the front door by income. The backdoor Roth is a **100% legal** way in — and there's no income limit on it.

THE WALL — WHO'S LOCKED OUT

Earn above these **2026** limits and you can put **$0** straight into a Roth:

FILING STATUS	PHASE-OUT BEGINS	FULLY LOCKED OUT
Single / HoH	$153,000	**$168,000**
Married, jointly	$242,000	**$252,000**

The catch the IRS left open
Roth conversions have no income limit — that's the door everyone walks through.

THE MOVE — THREE STEPS

1. **Fund a Traditional IRA**
   Put in up to **$7,500** (**$8,600** if 50+) — **nondeductible**. Anyone can, at any income.

2. **Convert it to a Roth**
   Move the money to your Roth IRA. **No income limit here** — do it soon after step 1.

3. **File Form 8606**
   Tells the IRS the money was already taxed — so you're **not taxed twice**.

SEE IT WORK

$7,500 into a Traditional IRA → **convert** no income limit = **$7,500 Roth** growing tax-free

With no other IRA money, the conversion is **$0 tax** — clean straight through.

Simple — until one rule bites. →
Next: the pro-rata trap, the fix, and the mega version.

EGH TAX

TAX PREPARATION & PLANNING

Source: IRS IR-2025-111 / Notice 2025-67 · educational content, not individualized tax advice

BACKDOOR ROTH

The move is easy — the setup is everything

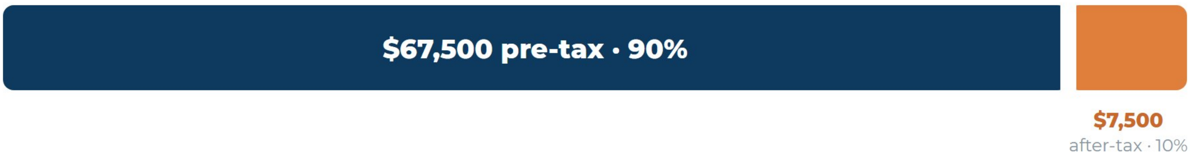
One rule decides tax-free win or taxable mess. Then a bigger door lets the right savers pour in **6× more.**

1 The pro-rata trap

The IRS pools **every** Traditional, SEP & SIMPLE IRA you own and taxes your conversion by the pre-tax share. Old pre-tax money poisons the backdoor.

Say you add **$7,500** after-tax but already hold **$67,500** pre-tax:

YOUR TOTAL IRA POOL ON DEC 31 — $75,000



Convert $7,500 → the IRS taxes **90% of it.** Only **~$750** lands tax-free.

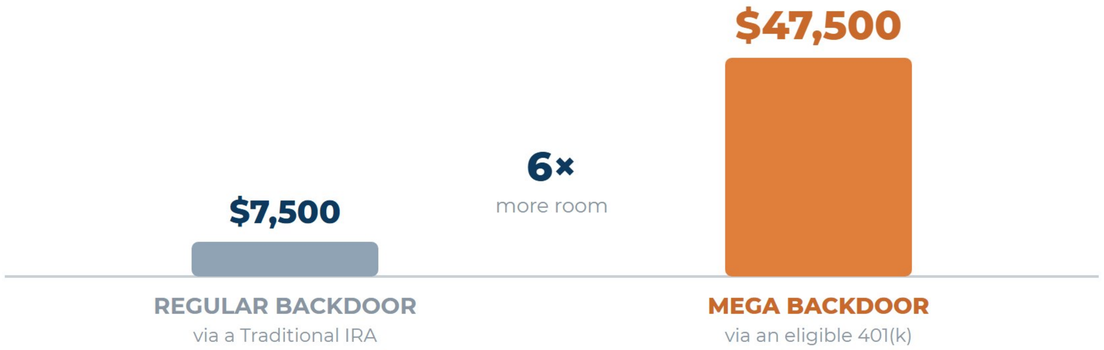
The fix — empty the pool first

Roll pre-tax IRAs into your **401(k) by Dec 31** (it's not counted) → convert **100% tax-free.**

2 The mega backdoor

Some 401(k)s let you add **after-tax** money on top of your normal deferral, then convert it to Roth — filling the whole **$72,000** plan limit.

ROTH DOLLARS YOU CAN STASH PER YEAR



After-tax 401(k) dollars = **$72,000** total − your deferral − any employer match.
Only if your plan allows **after-tax contributions + in-plan Roth conversions.**

THE BOTTOM LINE

Clear the pro-rata trap, and a high income can't keep you out of tax-free.

Sources: IRC §408(d)(2) · IRS IR-2025-111 · educational content, not individualized tax advice