

October 16, 2020

## IRA - Roth Conversion Analysis

Scenario 1 - Roth Conversion

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IRA: \$65k Pre-tax IRA

### Conversion

Amount to convert from Traditional IRA to Roth IRA: \$65,000.00  
Nondeductible contributions in conversion: \$0.00

### Combined Tax Rate

	Year of Conversion	Accumulation Years	Distribution Years
Federal tax rate:	14.40%	10.00%	30.00%
State tax rate:	0.00%	0.00%	0.00%
State tax deducted on federal return?:	No	No	No
Combined federal and state tax rate:	14.40%	10.00%	30.00%
Federal and state taxes due on conversion:	\$9,360.00		

### Post-conversion accumulation / Distributions

#### Post-conversion Accumulation

Number of years: 20

#### Distributions

Years of contributions/distributions: 1  
Annual rate of return: 5.00% 5.00%

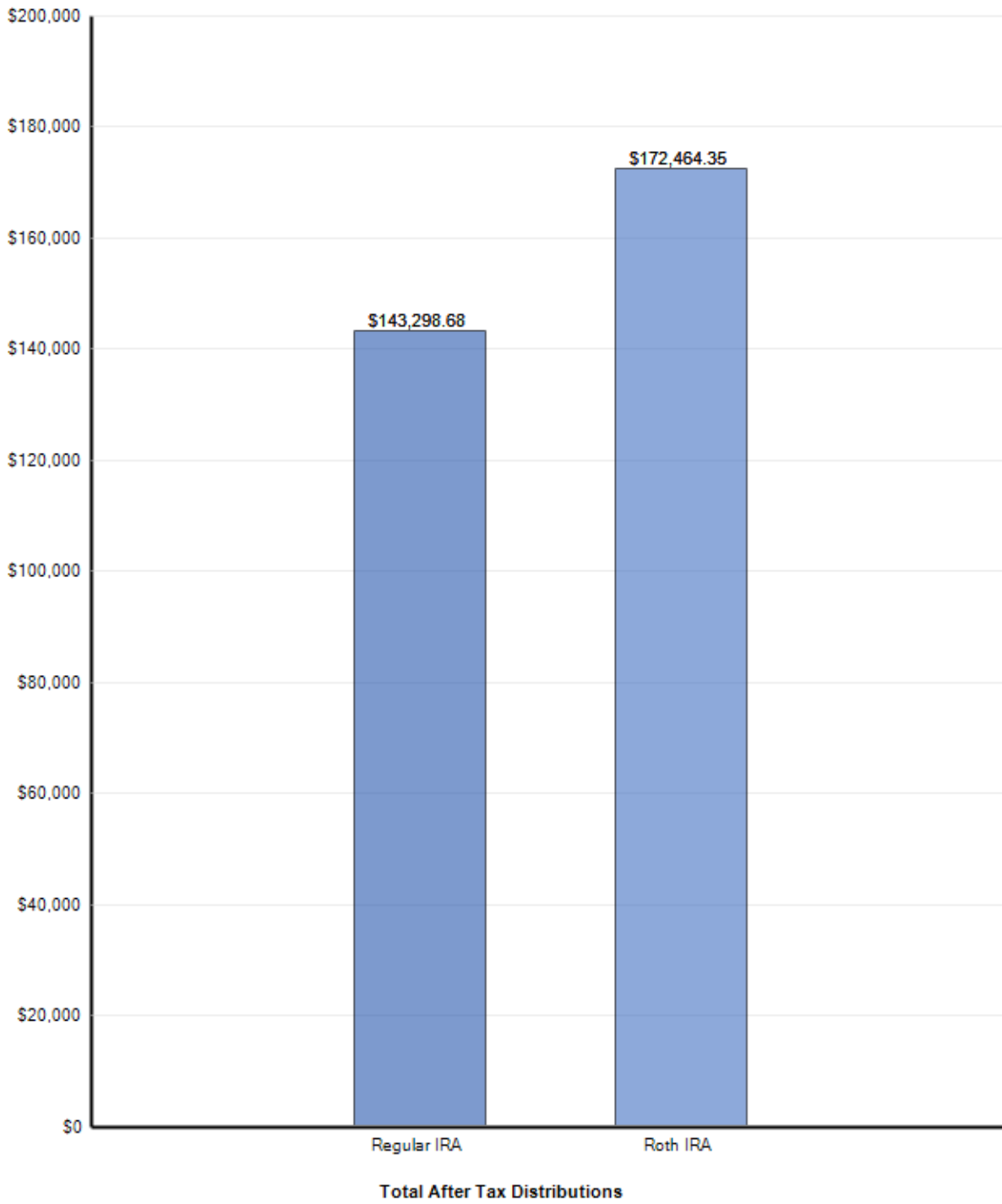
### Retirement

	Traditional IRA	Roth IRA
IRA account accumulation:	\$172,464.35	\$172,464.35
Taxable investment account accumulation:	\$22,573.64	
Total accumulated at retirement:	\$195,037.99	\$172,464.35

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**Distributions**

IRA distributions:	\$172,464.35	\$172,464.35
Tax on distributions:	\$51,739.31	\$0.00
After tax distributions:	\$120,725.04	\$172,464.35
Taxable investment account distributions:	\$22,573.64	
Total after tax distributions:	\$143,298.68	\$172,464.35
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Difference in distributions:		\$29,165.67



## Tax Projection Report

	Baseline 2020	Roth Conversion	Compare Difference
Filing status	Joint	Joint	
Exemptions claimed	2	2	
<i>INCOME and ADJUSTMENTS</i>			
Interest	250	250	
Dividends	5,000	5,000	
Capital gain/loss	2,500	2,500	
IRA distributions		65,000	65,000
Social security benefits		38,250	38,250
Total income	7,750	111,000	103,250
<b>Adjusted Gross Income</b>	<b>\$7,750</b>	<b>\$111,000</b>	<b>\$103,250</b>
<i>DEDUCTIONS</i>			
Standard deduction	27,400	27,400	
Deduction used	27,400	27,400	
<b>Taxable Income</b>	<b>\$-19,650</b>	<b>\$83,600</b>	<b>\$103,250</b>

## Tax Projection Report, Page 2

	Baseline 2020	Roth Conversion	Compare Difference
Tax on taxable income	\$0	\$9,400	\$9,400
<i>CREDITS</i>			
Total credits	0	0	
Net Tax Liability	0	9,400	9,400
<b>Total Federal Tax</b>	<b>\$</b>	<b>\$9,400</b>	<b>\$9,400</b>
<i>PAYMENTS</i>			
Other payments	2,400	2,400	
Total payments/refundable crs	2,400	2,400	
<b>Federal Balance Due/ -Refund</b>	<b>\$-2,400</b>	<b>\$7,000</b>	<b>\$9,400</b>
Marginal tax rate, percent		12	12
Capital gains rate, percent		15	15
<i>FEDERAL/STATE SUMMARY</i>			
Total federal tax	0	9,400	9,400
<b>Sum of Federal and State Taxes</b>	<b>\$</b>	<b>\$9,400</b>	<b>\$9,400</b>

Additional Tax owed = \$9,400  
 Roth conversion amt = \$65,000  
**Tax Rate of Conversion 14.4%**

The above scenario assumes a married couple, both aged 65, newly retired resulting in a lower income tax bracket.

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