

**Roth IRA Conversion Planner  
Report  
for  
Mr. and Mrs. Thurston Howell III**

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# Roth IRA Conversion Planner

The following table compares a Traditional IRA balance to a Conversion of the same account to a Roth IRA:

HYPOTHETICAL BALANCES AT DISTRIBUTION AGE 69	
<b>Traditional IRA</b>	
Total Accumulated Traditional IRA Balance (with Required Min. Dist. already taken out)	\$377,130
- Income Tax Due Upon Withdrawal	\$94,282
+ After tax: Total Accumulated Req'd Min. Distributions, plus Interest	\$0
<b>Total Net Cash</b>	<b>\$282,847</b>
<b>Roth IRA</b>	
Balance in Roth IRA	\$377,130
- Lost Use Value of Paying Taxes Now	\$93,197
<b>Total Accumulated Balances</b>	<b>\$283,933</b>
- Income Tax Due Upon Withdrawal	\$0
<b>Total Net Cash</b>	<b>\$283,933</b>
<b>Roth IRA net cash exceeds Traditional IRA net cash by:</b>	<b>\$1,085</b>
<b>Roth IRA Conversion Tax Payments</b>	
Tax Year 2011	\$56,000

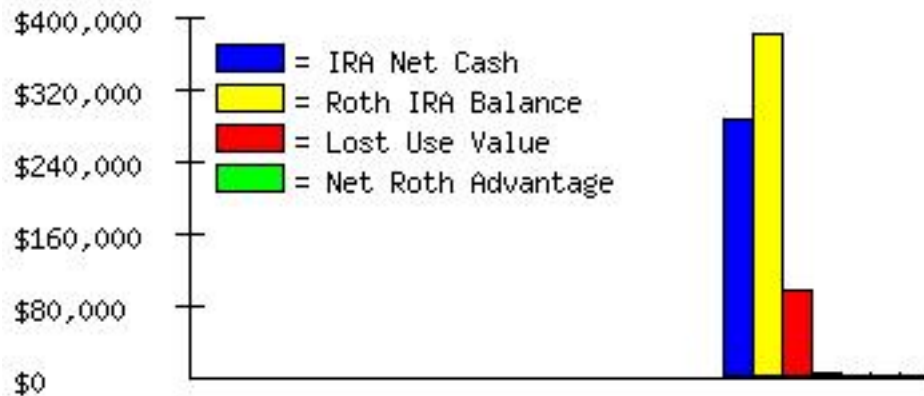
# Roth IRA Conversion Planner

The following table shows the year-by-year detail of the comparison:

Client Age	TRADITIONAL IRA				ROTH IRA			
	Gross Traditional IRA Balance less Required Minimum Distributions (if any)	Traditional IRA Balance After Taxes and Penalties (if any)	Gross Traditional IRA Required Minimum Distribution	After tax: Accumulated Traditional IRA Required Minimum Distributions plus Interest	Gross Roth IRA Balance	Roth IRA Balance After Taxes and Penalties (if any)	Net Lost Use Value of Conversion Taxes and Charges	Net Roth Advantage
56	\$210,000	\$136,500	\$0	\$0	\$210,000	\$186,500	\$58,100	-\$8,100
57	\$220,500	\$143,325	\$0	\$0	\$220,500	\$193,325	\$60,305	-\$10,305
58	\$231,525	\$150,491	\$0	\$0	\$231,525	\$200,491	\$62,620	-\$12,620
59	\$243,101	\$158,016	\$0	\$0	\$243,101	\$208,016	\$65,051	-\$15,051
60	\$255,256	\$191,442	\$0	\$0	\$255,256	\$235,917	\$67,604	-\$23,129
61	\$268,019	\$201,014	\$0	\$0	\$268,019	\$268,019	\$70,284	-\$3,279
62	\$281,420	\$211,065	\$0	\$0	\$281,420	\$281,420	\$73,098	-\$2,743
63	\$295,491	\$221,618	\$0	\$0	\$295,491	\$295,491	\$76,053	-\$2,180
64	\$310,266	\$232,699	\$0	\$0	\$310,266	\$310,266	\$79,156	-\$1,589
65	\$325,779	\$244,334	\$0	\$0	\$325,779	\$325,779	\$82,414	-\$969
66	\$342,068	\$256,551	\$0	\$0	\$342,068	\$342,068	\$85,834	-\$317
67	\$359,171	\$269,378	\$0	\$0	\$359,171	\$359,171	\$89,426	\$367
68	\$377,130	\$282,847	\$0	\$0	\$377,130	\$377,130	\$93,197	\$1,085

# Roth IRA Conversion Planner

The following graph shows you the net values, lost use value, and net roth advantage:



## ASSUMPTIONS:

The above projections are based on the following assumptions:

- the conversion tax is calculated by subjecting the includable income from the conversion to your Current Marginal Tax Bracket of 25% using the latest federal tax tables.
- this analysis includes any Required Minimum Distributions from your Traditional
- the entire balance is withdrawn in the year of distribution (simply for the purpose of comparing the after tax cash positions of the projected account balances).
- the Roth IRA will incur no Federal income tax upon qualified withdrawal. A qualified withdrawal is a withdrawal made after age 59 1/2 and after 5 years from when the Roth IRA was established.
- the full amount of the Traditional IRA, less any non-deductible contributions, will incur taxes at the 25% rate at distribution.
- the Lost Use Value of paying the tax from outside funds and/or the accumulation of Required Minimum Distributions are assumed to be invested at 8% and subject to 25% taxes annually and your assumed 25% tax on the growth at final distribution.
- withdrawals prior to age 59 1/2 or within 5 years of the Roth Conversion, may also be subject to a 10% penalty which is accounted for in the above results.
- if you elected to pay the tax from funds inside your current IRA and you are less than 59 1/2, then the above analysis includes the 10% tax penalty for early distributions.



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## ASSUMPTIONS:

- the assumed hypothetical growth rate on both accounts is 8% per year. This is a hypothetical rate of return not indicative of any specific product and is used for illustrative purposes only.

\* This information is not intended to serve as legal or investment advice. Please review the list of assumptions when applying any results to your own situation. The information used in the functions of the calculator is based on our interpretation of the current Federal tax laws, which will change from time to time. Any state and local tax impact is not considered. All examples are hypothetical and intended for illustrative purposes only. You should review this information within the context of your overall tax plan with a tax professional who knows your particular situation best. We cannot give tax or legal advice.

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## IMPORTANT LEGAL INFORMATION:

This is an educational tool designed to provide you with feedback based on the information that you input and is not intended as investment advice. This is not a recommendation to buy or sell any particular product or security or a definitive answer to your personal financial situation. For a thorough analysis of your financial situation, please contact your financial adviser. These results are hypothetical only and do not reflect any particular financial vehicle. Some financial vehicles have charges, fees, and expenses that are not reflected in the results shown, and the impact of state and local taxes also are not included. If such costs were reflected, the amounts available for distribution would be lower.