



Roth IRA

C O N V E R S I O N

For Duece Lane

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Important Notes

These pages depict certain wealth preservation strategies concerning possible methods for taking distributions from your qualified retirement plan. For purposes of this analysis, several of your qualified retirement plans may be aggregated and shown as one single plan.

This report provides only broad, general guidelines, which may be helpful in shaping your thinking about and discussing your wealth preservation needs with your professional advisors.

Each scenario shown illustrates your current situation or an alternative scenario and its possible effects on the financial situation you provided. Inclusion of one or more of these scenarios does not constitute a recommendation of that scenario over any other scenario.

Calculations contained in this analysis are estimates only based on the information you provided, such as the value of your assets today, and the rate at which the assets appreciate. Rates of return will vary over time, particularly for long-term investments. The actual values, rates of growth, and tax rates may be significantly different from those illustrated. These assumptions are only a “best guess.” It is unlikely that any one rate of return will be sustainable over a long period of time.

The American Taxpayer Relief Act of 2012 was signed into law on January 2, 2013 as P.L. 112-240, also known as Tax Act of 2012 in this presentation.

Strategies may be proposed to support the purchase of various products such as insurance and other financial products. When this occurs, additional information about the specific product (including a prospectus, if required, or an insurer provided policy illustration) will be provided for your review.

IMPORTANT: The projections or other information contained in this report, and generated by this analysis tool (Qualified Plan Concepts) regarding the likelihood of various outcomes are hypothetical in nature, do not reflect actual results and are not guarantees of future results.

This tool and support materials are designed to provide general information on the subjects covered. It is not intended to provide specific legal or tax advice. You should discuss all strategies with your legal, tax, and financial advisors.

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Retirement Savings Options

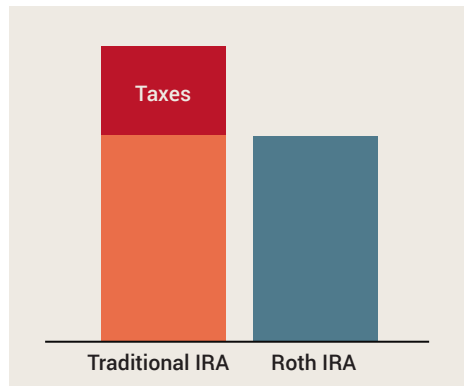
IRA vs. Roth vs. Taxable Accounts

Pay Taxes Now or Later?

The deciding factor between choosing an IRA or Roth IRA is whether you prefer paying taxes on your contributions (Roth IRA) or on your distributions (Traditional IRA). So when will your taxes be higher – during your working years or during retirement? When comparing, be sure to consider your income level during each phase (both income and withdrawals from assets), in addition to potential legislative changes.

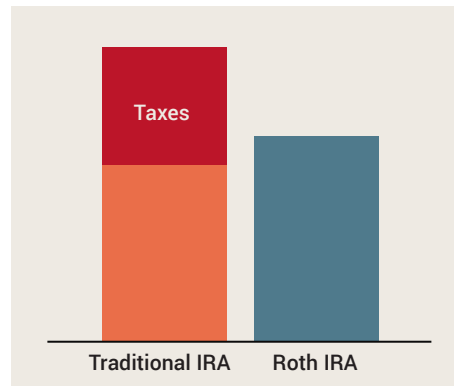
Taxes Stay the Same

Both are Equal



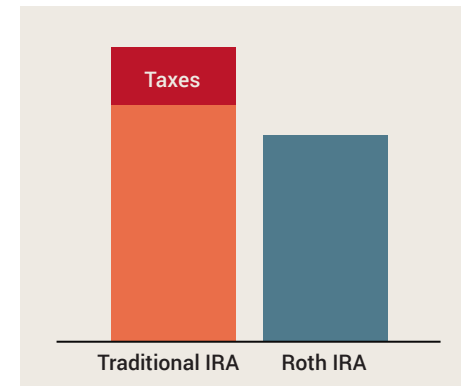
Taxes Higher in Retirement

Roth IRA is Better



Taxes Lower in Retirement

Traditional IRA is Better



(Conceptual purposes only. See your personalized illustration for information based on your specific circumstances.)

The Flexibility of the Roth IRA

A major advantage of the Roth IRA is the flexibility of distributions before and during retirement:

- Withdrawals from Traditional IRAs may be subject to an additional 10% penalty tax, with some exceptions, while there is no penalty tax on withdrawals of contributions from a Roth IRA (assuming distributions are qualified and not from assets converted within 5 years)
- Required Distributions (after 70½) – Traditional IRAs require minimum distributions each year, while a Roth IRA has no required distributions for the Roth IRA owner.

The Case Against "Taxable Accounts" (Savings Accounts)

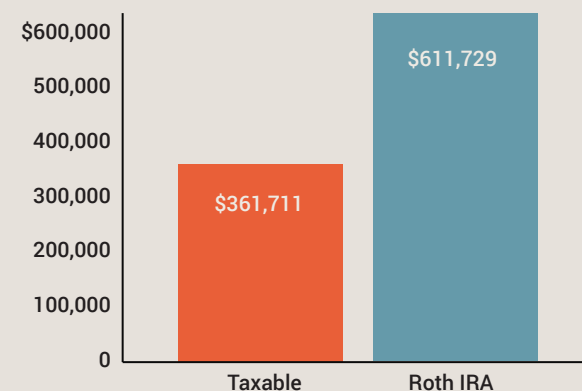
Contributions to taxable accounts are made after-tax (just like a Roth IRA), but unlike a Roth IRA, interest and dividends generated are taxable each year, and capital gains taxes are due when liquidating an investment held for more than a year.

This combination of taxes can significantly reduce your ability to accumulate retirement funds over the long-term, and may affect or limit your investment options and the frequency of changes to your investments over the long-term. The upside is that there are no penalties or restrictions on withdrawals from taxable accounts before retirement, making them perfect for short-term savings.

Use taxable accounts for short-term savings.

Use IRAs and Roth IRAs for long-term retirement funding.

Taxable Account vs Roth IRA



These graphs compare account balances after 30 years of \$5,000 annual contributions (after tax) growing at 8%. All growth in the taxable account is taxed each year at 35% while the Roth IRA grows tax free.

Comparing IRA with Roth IRA Conversion

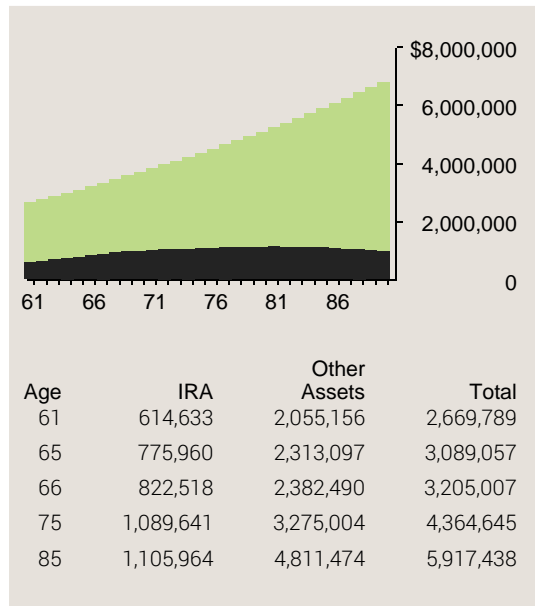
Should I Convert to a Roth IRA? How Should I Pay the Taxes?

Initial Value of IRA: **\$517,000**—Duece considers conversion in 2022 to Roth IRA

A Traditional IRA may be converted to a Roth IRA, but income taxes are generally paid on the taxable amount of the Traditional IRA converted to Roth IRA. In exchange, qualified distributions from the Roth IRA are received income tax-free.

Traditional IRA

No Conversion Taxes

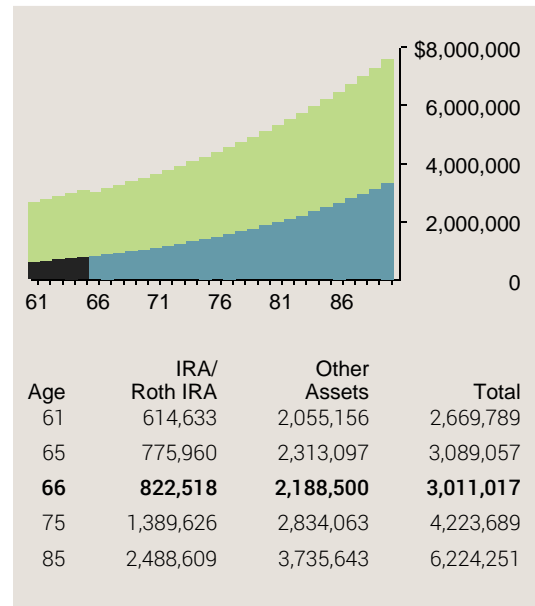


Total Funds if Death at Age 90

\$6,525,537¹

Roth IRA

Using Other Assets for Taxes²

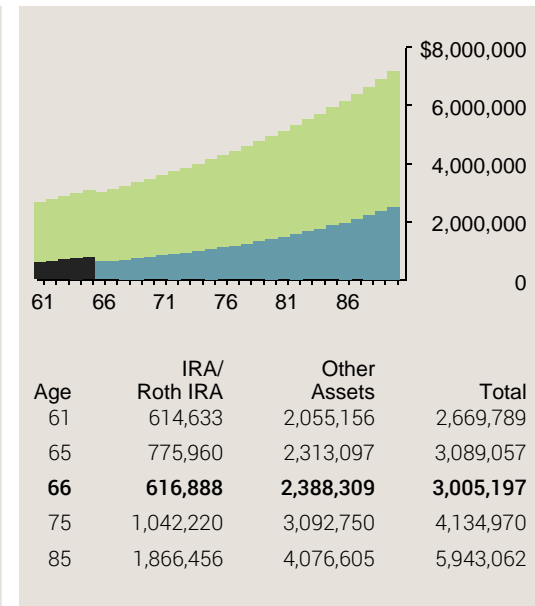


Total Funds if Death at Age 90

\$7,619,195

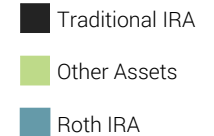
Roth IRA

Using IRA for Taxes²



Total Funds if Death at Age 90

\$7,178,061



¹ For comparison purposes, decedent's income taxes due of \$294,704 have been deducted from the Traditional IRA value at death of \$982,347. The net to heirs is \$6,525,537.

² Income tax rates are assumed to be 25% that changes to 30.00% starting when Duece is age 72. Example assumes the net distributions after taxes are deposited into the Other Assets.

Lifetime Values—Traditional IRA

Keeping Traditional IRA

\$ Initial Value of IRA: **\$517,000**

Year	Age	Life Exp. ¹	Earnings & Contributions ²	Actual Distributions ³	Traditional IRA Values	Tax Rate	Income Taxes Paid ⁴	Reinvested Distributions ⁵	Total of All Other Assets ⁶	Less Tax Liability ⁷	Net All Other Assets ⁷	Qualified & All Other Assets
2017	61		34,791	0	614,633	25.0%	0	0	2,055,156	0	2,055,156	2,669,789
2018	62		36,878	0	651,511	25.0%	0	0	2,116,811	0	2,116,811	2,768,322
2019	63		39,091	0	690,602	25.0%	0	0	2,180,315	0	2,180,315	2,870,917
2020	64		41,436	0	732,038	25.0%	0	0	2,245,725	0	2,245,725	2,977,763
2021	65		43,922	0	775,960	25.0%	0	0	2,313,097	0	2,313,097	3,089,057
2022	66		46,558	0	822,518	25.0%	0	0	2,382,490	0	2,382,490	3,205,007
2023	67		49,351	0	871,869	25.0%	0	0	2,453,964	0	2,453,964	3,325,833
2024	68		52,312	0	924,181	25.0%	0	0	2,527,583	0	2,527,583	3,451,764
2025	69		55,451	0	979,632	25.0%	0	0	2,603,411	0	2,603,411	3,583,042
2026	70	27.4	56,816	35,753	1,000,695	25.0%	0	35,753	2,717,266	8,938	2,708,328	3,709,023
2027	71	26.5	57,970	37,762	1,020,903	25.0%	8,938	28,824	2,827,608	9,441	2,818,167	3,839,070
2028	72	25.6	59,066	39,879	1,040,090	30.0%	9,441	30,438	2,937,219	11,964	2,925,256	3,965,345
2029	73	24.7	60,095	42,109	1,058,076	30.0%	11,964	30,145	3,049,607	12,633	3,036,974	4,095,050
2030	74	23.8	61,045	44,457	1,074,664	30.0%	12,633	31,824	3,166,820	13,337	3,153,483	4,228,147
2031	75	22.9	61,905	46,929	1,089,641	30.0%	13,337	33,591	3,289,082	14,079	3,275,004	4,364,645
2032	76	22.0	62,661	49,529	1,102,773	30.0%	14,079	35,451	3,416,627	14,859	3,401,768	4,504,541
2033	77	21.2	63,312	52,018	1,114,068	30.0%	14,859	37,159	3,549,452	15,605	3,533,846	4,647,914
2034	78	20.3	63,833	54,880	1,123,020	30.0%	15,605	39,275	3,688,111	16,464	3,671,647	4,794,668
2035	79	19.5	64,221	57,591	1,129,651	30.0%	16,464	41,127	3,832,505	17,277	3,815,228	4,944,879
2036	80	18.7	64,465	60,409	1,133,707	30.0%	17,277	43,132	3,982,947	18,123	3,964,824	5,098,531

¹ Life expectancy is based on the Uniform Lifetime Table. See the Assumptions page for additional information.

² Assumes qualified plan earns 6.000% interest. Also includes Employer Contributions and Salary Reductions, if any.

³ Actual Distribution is the greater of the distribution required to generate the Desired Distributions (see Assumptions pages) or Required Minimum Distribution.

⁴ Taxes and any applicable penalties are paid at the start of the calendar year following the tax liability. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

⁵ Actual Distributions less Taxes and Penalties.

⁶ All Other Assets and Cumulative Reinvested Distributions are assumed to earn 4.000% interest and are taxed at a 25.00% income tax rate that changes to 30.00% starting when Duece is age 72.

⁷ Net of liability for income taxes and any penalties.

Year	Age	Life Exp. ¹	Earnings & Contributions ²	Actual Distributions ³	Traditional IRA Values	Tax Rate	Income Taxes Paid ⁴	Reinvested Distributions ⁵	Total of All Other Assets ⁶	Less Tax Liability ⁷	Net All Other Assets ⁷	Qualified & All Other Assets
2037	81	17.9	64,547	63,336	1,134,919	30.0%	18,123	45,213	4,139,682	19,001	4,120,682	5,255,600
2038	82	17.1	64,454	66,370	1,133,003	30.0%	19,001	47,369	4,302,962	19,911	4,283,052	5,416,054
2039	83	16.3	64,167	69,509	1,127,660	30.0%	19,911	49,599	4,473,044	20,853	4,452,191	5,579,851
2040	84	15.5	63,668	72,752	1,118,576	30.0%	20,853	51,899	4,650,189	21,826	4,628,363	5,746,939
2041	85	14.8	62,968	75,579	1,105,964	30.0%	21,826	53,754	4,834,148	22,674	4,811,474	5,917,438
2042	86	14.1	62,054	78,437	1,089,581	30.0%	22,674	55,763	5,025,267	23,531	5,001,736	6,091,317
2043	87	13.4	60,914	81,312	1,069,183	30.0%	23,531	57,781	5,223,755	24,394	5,199,362	6,268,545
2044	88	12.7	59,532	84,188	1,044,527	30.0%	24,394	59,794	5,429,815	25,256	5,404,558	6,449,086
2045	89	12.0	57,896	87,044	1,015,379	30.0%	25,256	61,788	5,643,637	26,113	5,617,524	6,632,903
2046	90	11.4	56,036	89,068	982,347	30.0%	26,113	62,955	5,864,614	26,721	5,837,894	6,820,240

¹ Life expectancy is based on the Uniform Lifetime Table. See the Assumptions page for additional information.

² Assumes qualified plan earns 6.000% interest. Also includes Employer Contributions and Salary Reductions, if any.

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Lifetime Values—Converting Traditional IRA to Roth IRA

Converting Traditional IRA to Roth IRA Using Other Assets for Taxes

\$ Initial Value of IRA: **\$517,000**

Year	Age	Life Exp. ¹	Earnings & Contributions ²	Actual Distributions ³	Traditional IRA Values	Tax Rate	Income Taxes Paid ⁴	Reinvested Distributions ⁵	Total of All Other Assets ⁶	Less Tax Liability ⁴	Net All Other Assets ⁷	Qualified & All Other Assets
2017	61		34,791	0	614,633	25.0%	0	0	2,055,156	0	2,055,156	2,669,789
2018	62		36,878	0	651,511	25.0%	0	0	2,116,811	0	2,116,811	2,768,322
2019	63		39,091	0	690,602	25.0%	0	0	2,180,315	0	2,180,315	2,870,917
2020	64		41,436	0	732,038	25.0%	0	0	2,245,725	0	2,245,725	2,977,763
2021	65		43,922	0	775,960	25.0%	0	0	2,313,097	0	2,313,097	3,089,057

↻ Convert \$775,960 to a Roth IRA in January 2022.

Year	Age	Life Exp. ¹	Earnings & Contributions ²	Actual Distributions ³	Roth IRA Values	Tax Rate	Income Taxes Paid ⁴	Reinvested Distributions ⁵	Total of All Other Assets ⁶	Less Tax Liability ⁴	Net All Other Assets ⁷	Qualified & All Other Assets
2022	66		822,518	0	822,518	25.0%	0	0	2,382,490	193,990	2,188,500	3,011,017
2023	67		49,351	0	871,869	25.0%	193,990	-193,990	2,254,646	0	2,254,646	3,126,515
2024	68		52,312	0	924,181	25.0%	0	0	2,322,286	0	2,322,286	3,246,466
2025	69		55,451	0	979,632	25.0%	0	0	2,391,954	0	2,391,954	3,371,586
2026	70		58,778	0	1,038,409	25.0%	0	0	2,463,713	0	2,463,713	3,502,122
2027	71		62,305	0	1,100,714	25.0%	0	0	2,537,624	0	2,537,624	3,638,338
2028	72		66,043	0	1,166,757	30.0%	0	0	2,608,692	0	2,608,692	3,775,449
2029	73		70,005	0	1,236,762	30.0%	0	0	2,681,751	0	2,681,751	3,918,513
2030	74		74,206	0	1,310,968	30.0%	0	0	2,756,855	0	2,756,855	4,067,823
2031	75		78,658	0	1,389,626	30.0%	0	0	2,834,063	0	2,834,063	4,223,689

¹ Life expectancy is based on the Uniform Lifetime Table. See the Assumptions page for additional information.

² Assumes qualified plan/Roth IRA earns 6.000% interest. Also includes Employer Contributions and Salary Reductions, if any. After Roth Conversion, also includes amount converted to Roth IRA.

³ Actual Distribution is the greater of the distribution required to generate the Desired Distributions (see Assumptions pages) or Required Minimum Distribution. After Roth Conversion, Other Assets are used to the extent possible to pay income taxes on Traditional IRA taxable amounts converted to Roth IRA.

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Lifetime Values—Converting Traditional IRA to Roth IRA

Year	Age	Life Exp. ¹	Earnings & Contributions ²	Actual Distributions ³	Roth IRA Values	Tax Rate	Income Taxes Paid ⁴	Reinvested Distributions ⁵	Total of All Other Assets ⁶	Less Tax Liability ⁴	Net All Other Assets ⁷	Qualified & All Other Assets
2032	76		83,378	0	1,473,004	30.0%	0	0	2,913,433	0	2,913,433	4,386,437
2033	77		88,380	0	1,561,384	30.0%	0	0	2,995,026	0	2,995,026	4,556,410
2034	78		93,683	0	1,655,067	30.0%	0	0	3,078,904	0	3,078,904	4,733,971
2035	79		99,304	0	1,754,371	30.0%	0	0	3,165,132	0	3,165,132	4,919,503
2036	80		105,262	0	1,859,633	30.0%	0	0	3,253,774	0	3,253,774	5,113,407
2037	81		111,578	0	1,971,211	30.0%	0	0	3,344,899	0	3,344,899	5,316,110
2038	82		118,273	0	2,089,484	30.0%	0	0	3,438,575	0	3,438,575	5,528,059
2039	83		125,369	0	2,214,853	30.0%	0	0	3,534,876	0	3,534,876	5,749,728
2040	84		132,891	0	2,347,744	30.0%	0	0	3,633,873	0	3,633,873	5,981,617
2041	85		140,865	0	2,488,609	30.0%	0	0	3,735,643	0	3,735,643	6,224,251
2042	86		149,317	0	2,637,925	30.0%	0	0	3,840,263	0	3,840,263	6,478,188
2043	87		158,276	0	2,796,201	30.0%	0	0	3,947,813	0	3,947,813	6,744,014
2044	88		167,772	0	2,963,973	30.0%	0	0	4,058,375	0	4,058,375	7,022,348
2045	89		177,838	0	3,141,811	30.0%	0	0	4,172,034	0	4,172,034	7,313,845
2046	90		188,509	0	3,330,320	30.0%	0	0	4,288,876	0	4,288,876	7,619,195

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Lifetime Values—Converting Traditional IRA to Roth IRA

Converting Traditional IRA to Roth IRA Using IRA for Taxes

\$ Initial Value of IRA: **\$517,000**

Year	Age	Life Exp. ¹	Earnings & Contributions ²	Actual Distributions ³	Traditional IRA Values	Tax Rate	Income Taxes Paid ⁴	Reinvested Distributions ⁵	Total of All Other Assets ⁶	Less Tax Liability ⁴	Net All Other Assets ⁷	Qualified & All Other Assets
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2018	62		36,878	0	651,511	25.0%	0	0	2,116,811	0	2,116,811	2,768,322
2019	63		39,091	0	690,602	25.0%	0	0	2,180,315	0	2,180,315	2,870,917
2020	64		41,436	0	732,038	25.0%	0	0	2,245,725	0	2,245,725	2,977,763
2021	65		43,922	0	775,960	25.0%	0	0	2,313,097	0	2,313,097	3,089,057

↻ Convert \$581,970 to a Roth IRA in January 2022.

Year	Age	Life Exp. ¹	Earnings & Contributions ²	Actual Distributions ³	Roth IRA Values	Tax Rate	Income Taxes Paid ⁴	Reinvested Distributions ⁵	Total of All Other Assets ⁶	Less Tax Liability ⁴	Net All Other Assets ⁷	Qualified & All Other Assets
2022	66		616,888	0	616,888	25.0%	0	193,990	2,582,299	193,990	2,388,309	3,005,197
2023	67		37,013	0	653,901	25.0%	193,990	-193,990	2,460,450	0	2,460,450	3,114,352
2024	68		39,234	0	693,136	25.0%	0	0	2,534,264	0	2,534,264	3,227,399
2025	69		41,588	0	734,724	25.0%	0	0	2,610,292	0	2,610,292	3,345,015
2026	70		44,083	0	778,807	25.0%	0	0	2,688,600	0	2,688,600	3,467,407
2027	71		46,728	0	825,535	25.0%	0	0	2,769,258	0	2,769,258	3,594,794
2028	72		49,532	0	875,068	30.0%	0	0	2,846,812	0	2,846,812	3,721,880
2029	73		52,504	0	927,572	30.0%	0	0	2,926,538	0	2,926,538	3,854,110
2030	74		55,654	0	983,226	30.0%	0	0	3,008,496	0	3,008,496	3,991,722
2031	75		58,994	0	1,042,220	30.0%	0	0	3,092,750	0	3,092,750	4,134,970

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Lifetime Values—Converting Traditional IRA to Roth IRA

Year	Age	Life Exp. ¹	Earnings & Contributions ²	Actual Distributions ³	Roth IRA Values	Tax Rate	Income Taxes Paid ⁴	Reinvested Distributions ⁵	Total of All Other Assets ⁶	Less Tax Liability ⁴	Net All Other Assets ⁷	Qualified & All Other Assets
2032	76		62,533	0	1,104,753	30.0%	0	0	3,179,364	0	3,179,364	4,284,116
2033	77		66,285	0	1,171,038	30.0%	0	0	3,268,403	0	3,268,403	4,439,441
2034	78		70,262	0	1,241,300	30.0%	0	0	3,359,936	0	3,359,936	4,601,236
2035	79		74,478	0	1,315,778	30.0%	0	0	3,454,032	0	3,454,032	4,769,810
2036	80		78,947	0	1,394,725	30.0%	0	0	3,550,763	0	3,550,763	4,945,488
2037	81		83,683	0	1,478,408	30.0%	0	0	3,650,203	0	3,650,203	5,128,612
2038	82		88,704	0	1,567,113	30.0%	0	0	3,752,429	0	3,752,429	5,319,542
2039	83		94,027	0	1,661,140	30.0%	0	0	3,857,517	0	3,857,517	5,518,657
2040	84		99,668	0	1,760,808	30.0%	0	0	3,965,548	0	3,965,548	5,726,356
2041	85		105,648	0	1,866,456	30.0%	0	0	4,076,605	0	4,076,605	5,943,062
2042	86		111,987	0	1,978,444	30.0%	0	0	4,190,772	0	4,190,772	6,169,216
2043	87		118,707	0	2,097,150	30.0%	0	0	4,308,136	0	4,308,136	6,405,287
2044	88		125,829	0	2,222,979	30.0%	0	0	4,428,788	0	4,428,788	6,651,767
2045	89		133,379	0	2,356,358	30.0%	0	0	4,552,818	0	4,552,818	6,909,176
2046	90		141,381	0	2,497,740	30.0%	0	0	4,680,322	0	4,680,322	7,178,061

¹ Life expectancy is based on the Uniform Lifetime Table. See the Assumptions page for additional information.

² Assumes qualified plan/Roth IRA earns 6.000% interest. Also includes Employer Contributions and Salary Reductions, if any. After Roth Conversion, also includes amount converted to Roth IRA.

³ Actual Distribution is the greater of the distribution required to generate the Desired Distributions (see Assumptions pages) or Required Minimum Distribution.

⁴ Taxes and any applicable penalties are paid at the start of the calendar year following the tax liability. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0. After Roth Conversion, includes the estimated income taxes on the Traditional IRA taxable amount converted to Roth IRA, except for any after-tax amount.

⁵ Actual Distributions less Taxes and Penalties. After Roth Conversion, includes the estimated income taxes on the Traditional IRA taxable amount converted to Roth IRA, except for any after-tax amount.

⁶ All Other Assets and Cumulative Reinvested Distributions are assumed to earn 4.000% interest and are taxed at a 25.00% income tax rate that changes to 30.00% starting when Duece is age 72.

⁷ Net of liability for income taxes and any penalties.

Understanding IRAs, Roth IRAs, Conversions

Key Concepts & Rules

Traditional IRAs

- Contributions are limited to \$5,500 for 2017 (\$6,500 if 50 or over) and are generally tax deductible.
- If you are eligible for a retirement plan at work and your modified adjusted gross income (MAGI) is \$99,000 - \$119,000 in 2017 (married, filing jointly), deductibility phases out and is eliminated thereafter. If your spouse is covered by a retirement plan at work, but you are not, the phase out is \$186,000 - \$196,000 for married, filing joint. (The phase out is \$62,000 - \$72,000 for single taxpayers.)
- Funds grow tax-deferred, but are taxed as ordinary income upon distribution.
- Minimum distributions are required annually beginning on the Required Beginning Date (RBD¹).
- Distributions taken prior to age 59½ are subject to a 10% early distribution penalty tax, with certain exceptions.
- Distributions after your death (or your spouse's death) are taxed as ordinary income to the beneficiary as distributions are received.
- At your death (or your spouse's death), the entire account value is includible in the gross estate for federal estate tax purposes, and may be subject to estate taxes.

Roth IRAs

- Contributions are limited to \$5,500 for 2017 (\$6,500 if 50 or over) and are NOT income tax deductible.
- Ability to contribute is phased out if you earn \$186,000-\$196,000 for married, filing jointly in 2017, and eliminated thereafter. The phase out is \$118,000 - \$133,000 for single taxpayers.
- Withdrawals of contributions to Roth IRAs, prior to age 59½, are not subject to the 10% early withdrawal penalty tax. Withdrawals of earnings within 5 years of establishing a Roth IRA are taxed as ordinary income. Earnings taken prior to age 59½ are taxed as ordinary income, and may be subject to a 10% early withdrawal penalty tax, with certain exceptions.
- Funds grow tax deferred and are generally not taxable upon withdrawal.
- No minimum distributions are required from Roth IRAs, during your (or your spouse's) lifetime.

¹ The RBD is no later than April 1st of the year following the year in which the IRA owner attains age 70½ for Traditional IRAs, SEPs, and SIMPLE IRAs. For qualified retirement plans, the RBD is the later of April 1 of the year following the year in which the owner reaches age 70½ or retires, if less than a 5% owner.

Roth IRAs (continued)

- Qualified distributions after your death are received by the beneficiary income tax-free, assuming the 5 year period has been satisfied.
- At your death (or your spouse's death, if spouse is considered owner of Roth IRA at death), the entire account value is includible in the gross estate for federal estate tax purposes, and may be subject to estate taxes.

Conversions (from a Traditional IRA or Qualified Retirement Plan to a Roth IRA)

- A Conversion is a taxable event. The entire (or partial) amount of the Traditional IRA (less any non-deductible contributions) is taxable as ordinary income upon conversion (or distribution). The conversion amount may move you into a higher marginal income tax bracket.
- There is no income limit for Roth IRA conversions.
- If you pay the taxes out of the Traditional IRA, it will reduce the benefits of the conversion to a Roth IRA, and if you are under age 59½, the amount used to pay income taxes will be subject to the 10% early distribution penalty tax unless an exception applies.
- Withdrawals of converted amounts within 5 years of each separate conversion to Roth IRAs may be subject to a 10% early distribution penalty tax and withdrawals of earnings may be subject to a 10% early distribution penalty tax and/or taxed as ordinary income.
- Distributions from a Traditional IRA must be deposited into a Roth IRA within 60 days (not applicable for trustee-to-trustee transfers).
- You do not have to convert your entire Traditional IRA. A partial conversion is allowed, but you must follow the same rules as any other distribution regarding nondeductible contributions.

Assumptions

General Assumptions

Duece's DOB: January 2, 1956

Contact Information:

123 Any Street

Charlotte, North Carolina 28262

Home Phone: 704-123-4569

Business Phone: 704-987-1234

Email Address: Duece.lanell@gmail.com

Calculations assume that the value of All Other Assets (excluding life insurance) is equal to \$2,030,000. These assets are assumed to earn 4.000% interest. Hypothetical rates of return illustrated are not associated with any particular investment product.

Calculations assume an ordinary income tax rate of 25.00% that changes to 30.00% starting when Duece is age 72.

The Account Balance and Other Assets are grown pro-rata based on the date entered.

Traditional IRA/Qualified Plan Assumptions

Current Traditional IRA/Qualified Plan amount is \$517,000, which includes the employee cost basis amount of \$0, and assumes a growth rate of 6.000%. Calculations assume all non-deductible and after-tax contributions (also known as basis, investment in the contract, and non-taxable portion) are included in the original after-tax amount of \$0. Hypothetical rates of return illustrated are not associated with any particular investment product.

A portion of the distributions from the Traditional IRA/Qualified Plan that includes any after-tax amount may not be taxable. These illustrations assume there are no other Traditional IRA/Qualified Plan account balances for calculations that include any after-tax amount.

Elections: Distributions are at least the Required Minimum Distribution using the Uniform Lifetime Table, if applicable.

Roth IRA Assumptions

Conversion Occurs: Year 2022

Roth IRA is assumed to earn 6.000%. Hypothetical rates of return illustrated are not associated with any particular investment product.

There are no required minimum distributions during participant's or spouse's lifetime (if spouse is considered as owner).

Traditional IRA

Contributions may be tax deductible and earnings are tax-deferred. Annual contribution amounts are limited, and deductibility of contributions is based on modified adjusted gross income (MAGI), and not being a participant in an employer-sponsored retirement plan. Consult your tax advisor to determine the maximum tax-deductible contribution amount allowed annually. Contributions may also be non-deductible (after-tax), but earnings are tax deferred. These illustrations assume there are no other Traditional IRA/Qualified Plan account balances for calculations that include any after-tax amount. Required minimum distributions must begin by age 70½.

Roth IRA

Contributions are not tax deductible but earnings are tax-deferred. Annual contribution amounts are limited, and the ability to contribute is based on modified adjusted gross income (MAGI). Consult your tax advisor to determine the maximum contribution amount allowed annually. Withdrawals of contributions to Roth IRAs are not subject to income tax or the 10% early withdrawal penalty tax. Withdrawals of earnings from a Roth IRA are considered qualified distributions after the 5-taxable year holding period for which a contribution or conversion was made to any Roth IRA and the owner is age 59½ or older. Withdrawals of earnings within 5 years of establishing a Roth IRA are taxed as ordinary income. Earnings taken prior to age 59½ are taxed as ordinary income, and may be subject to a 10% early distribution penalty tax, with certain exceptions.

Conversion of Traditional IRA to Roth IRA

Beginning in 2010, there is no income limit for Roth IRA conversions. Amounts converted from the Traditional IRA (except for any after-tax amount) are taxable in the year of the conversion. These illustrations assume there are no other Traditional IRA/Qualified Plan account balances for calculations that include any after-tax amount. Withdrawals of earnings from a Roth IRA are considered qualified distributions after the 5-taxable year holding period for which a conversion or contribution was made to any Roth IRA and the owner is age 59½ or older. Withdrawals of converted amounts within five years of each conversion to Roth IRA may be subject to the 10% early distribution penalty tax, and withdrawals of earnings may be subject to the 10% early distribution penalty tax and/or taxed as ordinary income.

Distribution Assumptions

Early retirement distributions are not exempt from the IRC Section 72(t) penalty.

Distributions from the Traditional IRA/Qualified Plan that does not include any after-tax amount are taxable. A portion of the distributions from the Traditional IRA/Qualified Plan that includes any after tax amount is not taxable. The non-taxable portion is the amount of the distribution that bears the same ratio to the total amount of the distribution received as the total remaining after-tax amount bears to the Traditional IRA/Qualified Plan account balance at the end of the year.

For Traditional IRA/Qualified Plan, distribution calculations do not use a joint beneficiary. For Traditional IRA/Qualified Plan, required minimum distributions are based on the Uniform Lifetime Table.

Final Regulations

Required Minimum Distributions are calculated based on the Uniform Lifetime Table.

Tax Act of 2012

The American Taxpayer Relief Act of 2012 was signed into law on January 2, 2013 as P.L. 112-240, also known as Tax Act of 2012 in this presentation. Tax Act of 2012 applies to deaths and gifts made in 2013 and later. Tax Act of 2012 provides for 'portability' of a deceased spouse's unused Applicable Exclusion Amount. Unused exclusion amounts may be passed to the surviving spouse (election must be made on timely filed estate tax return.)