



THE SOCIETY FOR FINANCIAL AWARENESS
DC Metropolitan Chapter www.dcsdfa.org

UNDERSTANDING ROTH CONVERSIONS



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What is a Roth Conversion

- Simplified Employee Pension (SEP)
- Simple IRA
- Defined-Contribution Plan (401(k)/403 (b))



Transfer...

Roth IRA

What are the Benefits of a Roth Conversion

- ✓ Tax Free Growth
- ✓ Tax Free Wealth Transfer (Exceptions could be Estate Tax, Federal and State Tax)
- ✓ Could Reduce the Required Minimum Distribution
- ✓ NO RMD's!!
- ✓ Could Reduce Taxable Income in Retirement
- ✓ Reduces Government Legislative Risk

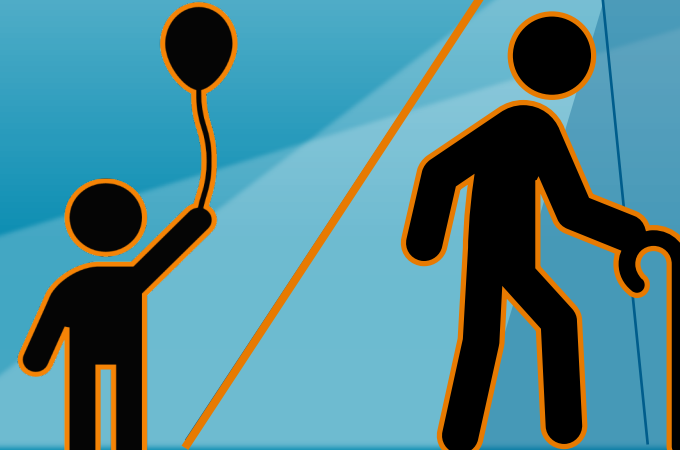
What are the 6 Rules to a Roth Conversion



1. No limit to how much you can convert.



2. No age limit to doing a conversion.

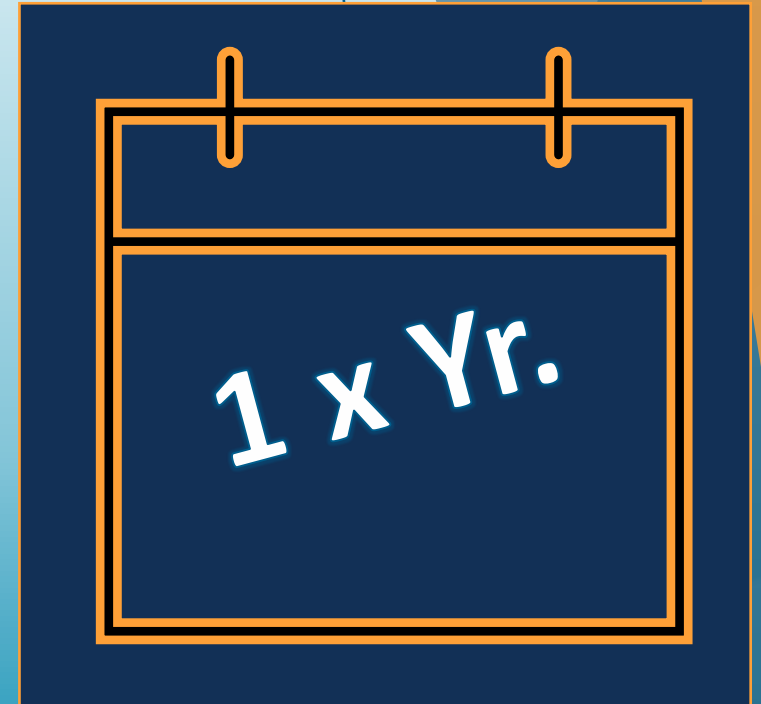


... More Rules to a Roth Conversion

3. You can do a Roth Conversion once a year per individual.



4. If under 59.5, you must pay tax from another source (consider regardless of age).



... And More Rules...

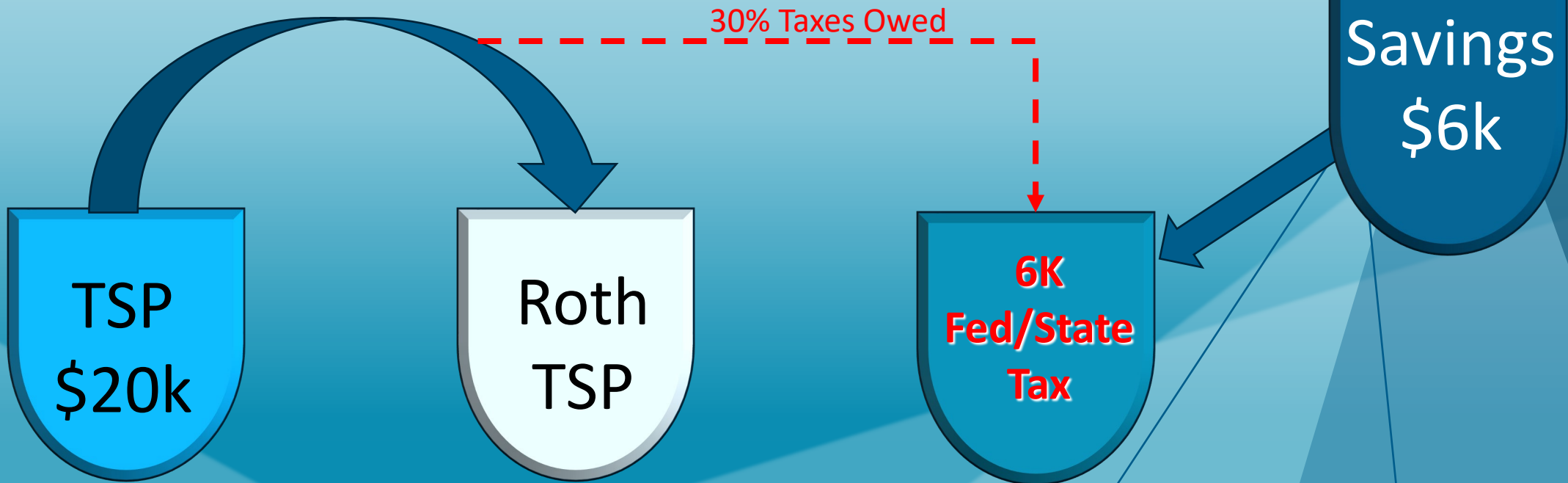


5. To receive tax-free growth on any Roth, you must own the Roth for 5 years.

*Each Conversion starts a new 5yr term.

And More...

6. In 2026 a Traditional TSP can be converted to a ROTH TSP



Does a Roth Conversion Makes sense for you?



Convert in a lower tax bracket
(if you believe taxes will go up in the future).

Ideally, you will not need to use the
converted monies for 10 yrs. or more.
(Break-even point!!!).

10



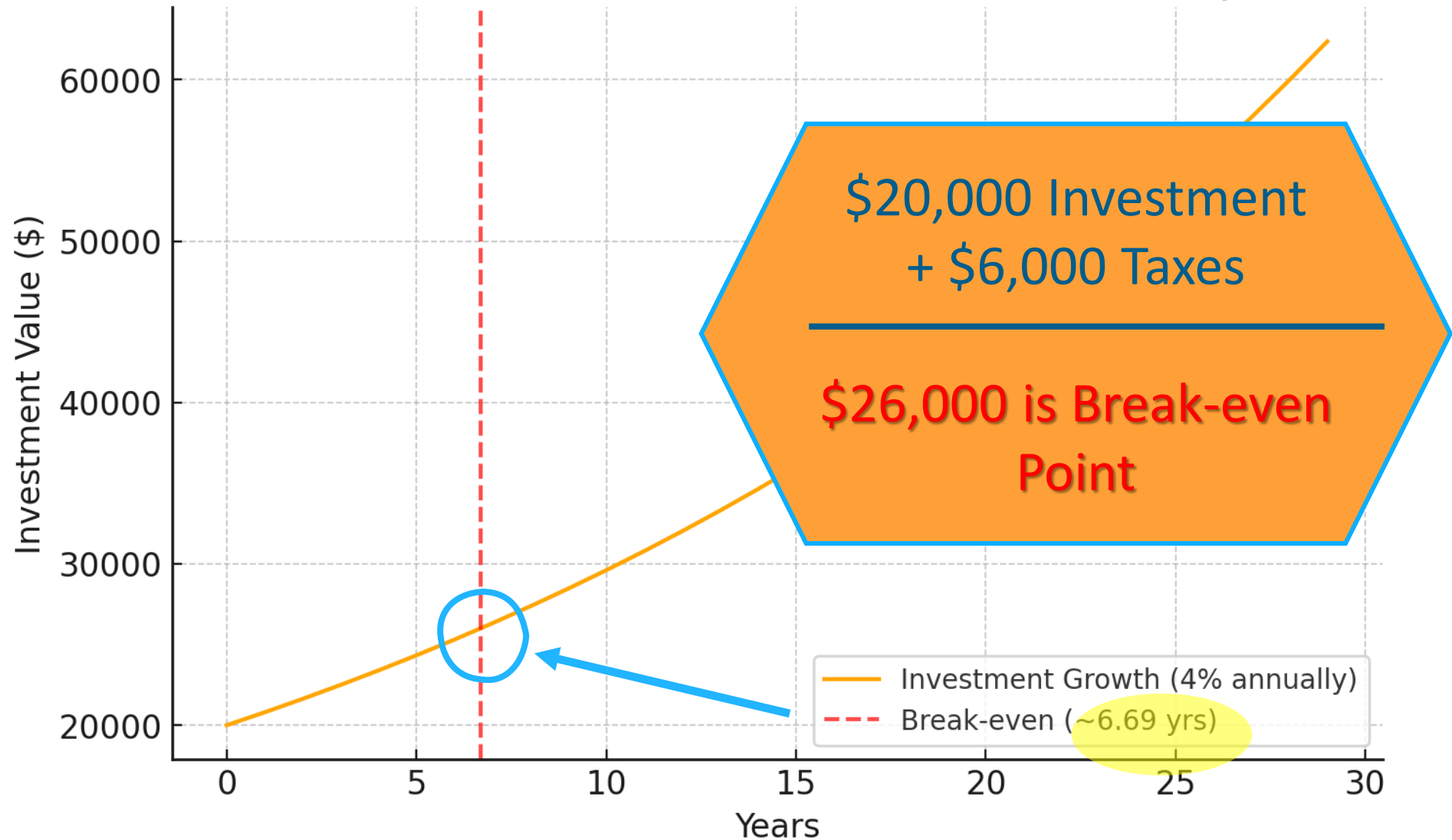
You have enough money from another source
to pay the tax for the conversion.

The conversion could impact Medicare Part B
Premiums & tax credits w/ income phaseouts.



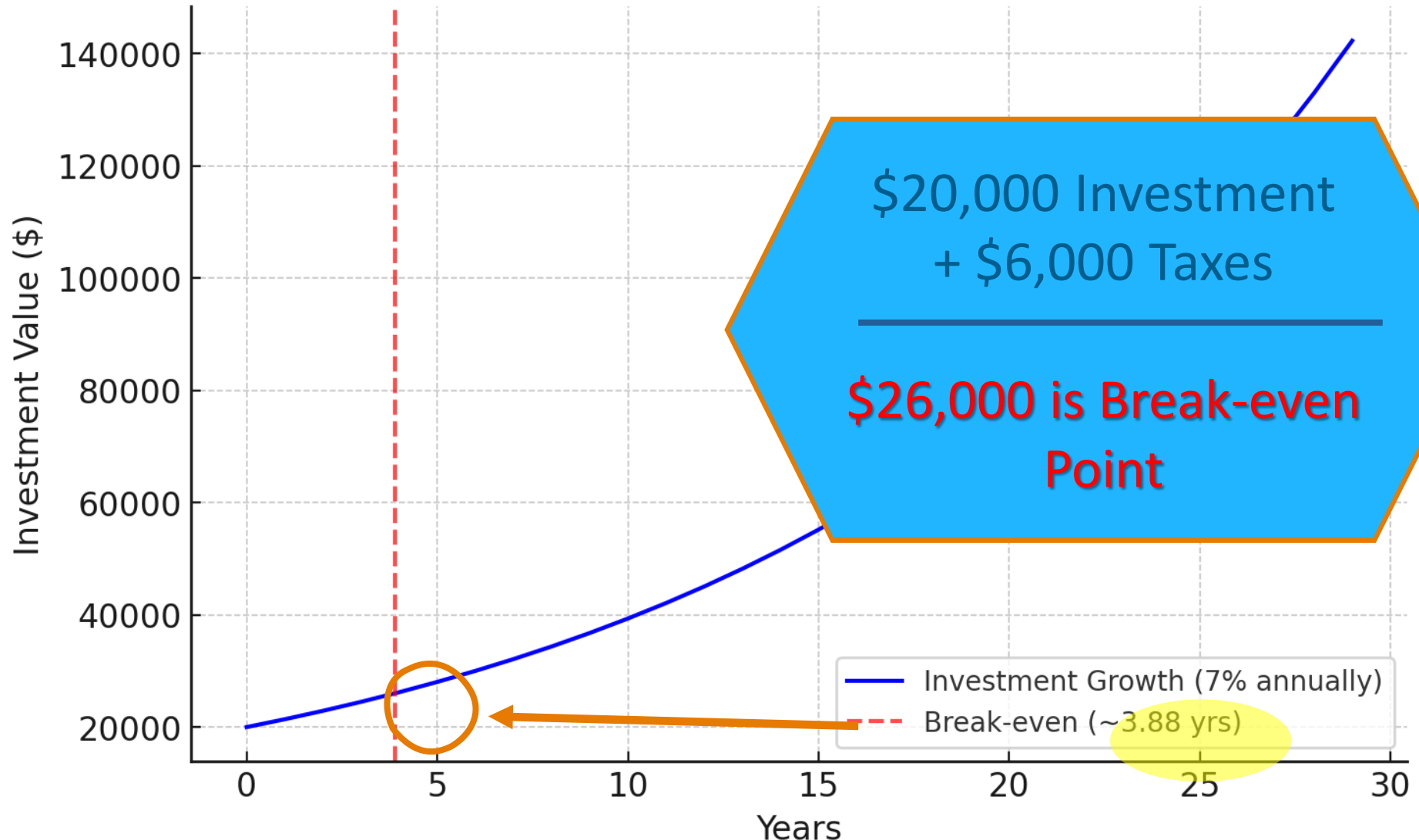
Break-Even Point at 4% Return

Investment Growth: \$20,000 at 4% Annual Return (Compound Interest)



Break Even Point at 7% Return

Investment Growth: \$20,000 at 7% Annual Return (Compound Interest)



How the One Big Beautiful Bill Act Changes Roth Conversions

(Effective 2025)

TWO Deductions That Can Disappear After a Roth Conversion

A Roth conversion adds to your taxable income which can quietly push you over deduction phaseout thresholds.

Senior Deduction

If you're 65 or older:

- Deduct \$6,000 if single
- Deduct \$12,000 if married

Phaseout range:

- Starts at \$150,000 MAGI
- Fully gone by \$250,000 MAGI

SALT Deduction

New cap:

- Up to \$40,000 in state/local tax deductions

Phaseout range:

- Begins at \$500,000 MAGI
- Shrinks down to \$10,000 by \$600,000

Future conversions should be modeled carefully, especially:

- Before/after age 65
- Around \$150K, \$250K, \$500K, and \$600K income thresholds

To Clear Up Any Confusion:

CONTRIBUTIONS to a Roth IRA or Roth TSP are ***deposits*** you make.



CONVERSIONS are ***transfers*** you make from a taxable account to a tax-free account.



To Clear Up the Confusion

ROTH TSP vs. ROTH IRA 2026

	Roth TSP	Roth IRA	
Required Minimum Distributions	No	No	Phase Out!!!!
Income Limitation for Contributions	No	Yes	Single/Head of Household AGI: \$153,000-\$168,000 Married Filing Joint AGI: \$242,000 - \$252,000
Annual Maximum Contributions	\$24,500	\$8,000	
Catch Up Provision 50+	\$8,000	\$1,000	
Total Potential Annual Contribution	\$32,500	\$9,000	

Secure Act 2.0: Catch-Up Changes:

Catch-
Up

Increased Catch-up Limits at Age in the Years You Turn 60, 61, 62, and 63*

- Higher Catch-up is \$11,250 instead of \$8,000. That's a difference of \$3,250.
- Effective date: Calendar years beginning after December 31, 2024
- Applicable plans: TSP, 401(k), 403(b)



Catch-Up Contributions: New Rules and Eligibility

01

Affects High TSP Earners

The new catch-up contribution rule **affects high earners** starting in January 2026 (per SECURE Act 2.0).

02

Age 50+ Earning >\$150K

Applies to those eligible for catch-up (age 50+ by Dec 31 next year) earning over \$150,000 in 2026.

03

Threshold Adjusts

\$150,000 threshold called '*Roth catch-up wage threshold*'; **adjusts annually** by CPI.

04

Implement Now

TSP implements rule in 2026; other 401(k)s not required until 2027.



High Earner Rule Details and Employer-Specific Income



FICA Wages

2026 catch-up contribution **rule uses \$150,000 FICA wages** from 2025 W-2, box 3.



Individuals Only

Income threshold applies to individual, not combined spousal income.



Only Sponsoring Employer

Only wages from the employer sponsoring the 401(k)/TSP **are counted**.



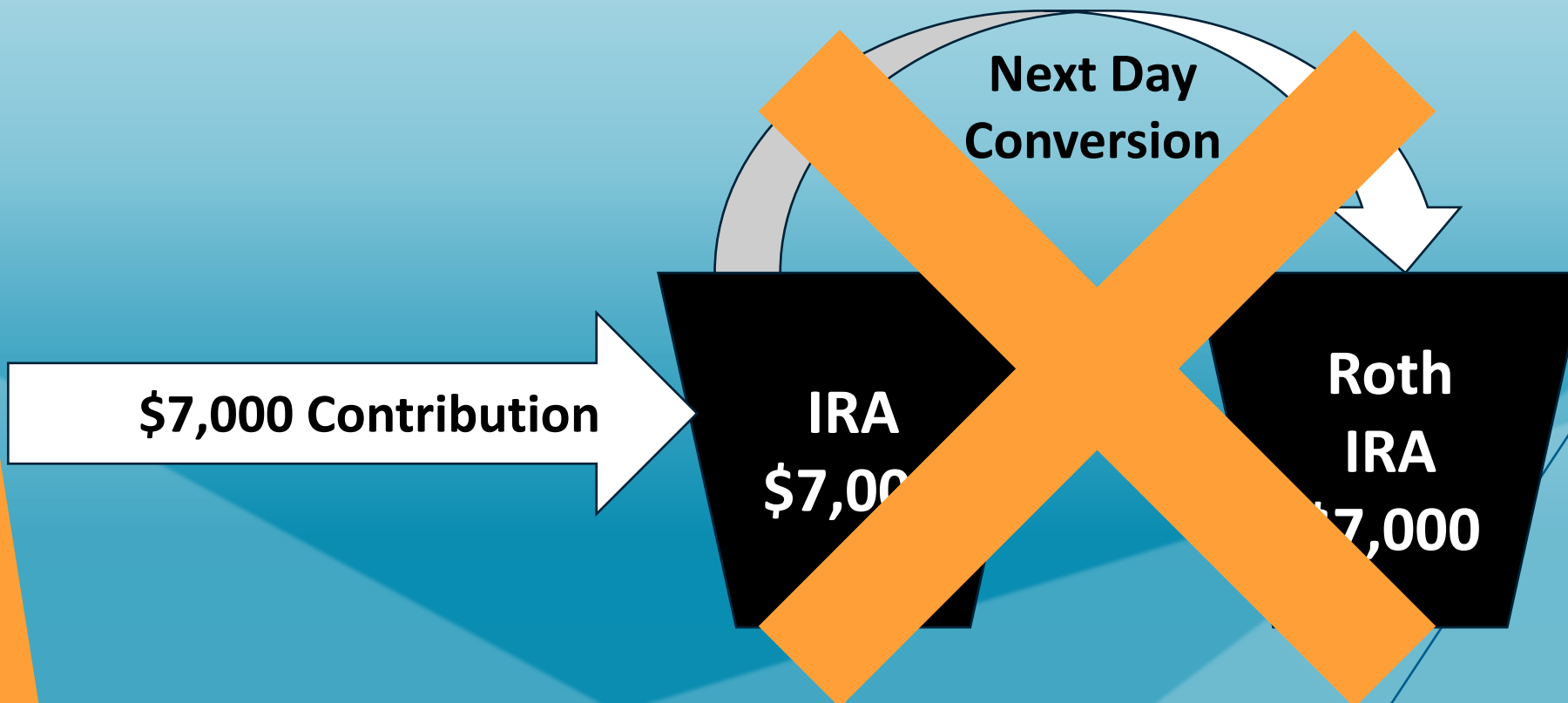
CSRS Employees Not Subject

CSRS employees (non-offset) **are not subject to this rule** due to lack of FICA income.

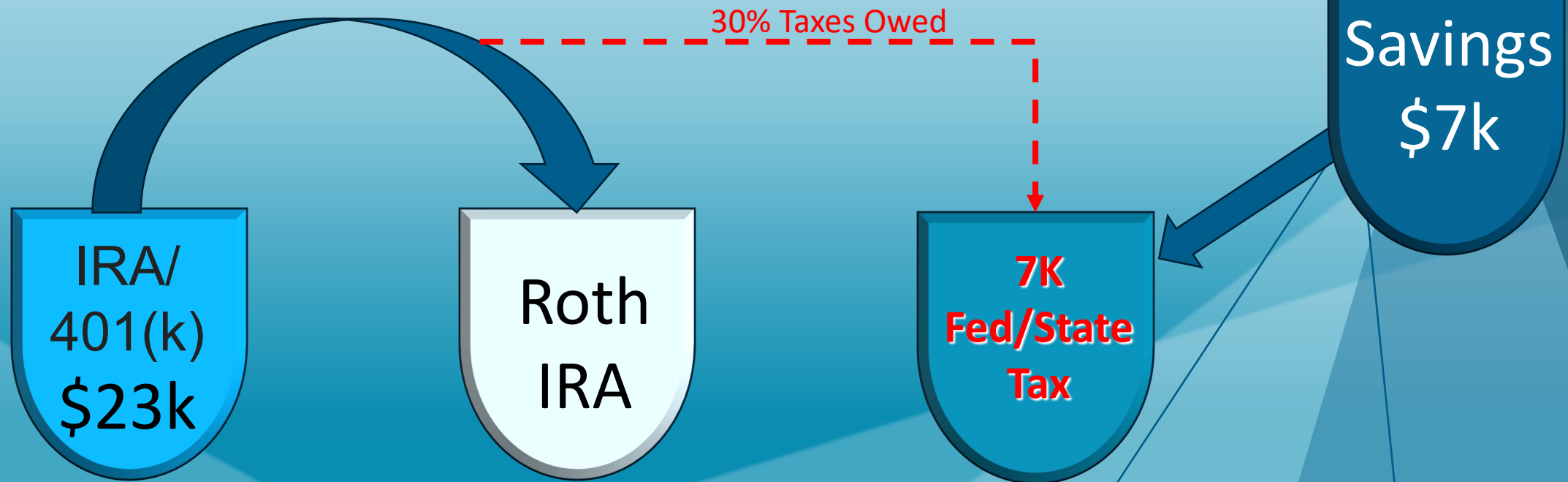


Back Door Roth = Conversion

Phase Out – Income Limits Too High



What Makes More Sense...



Does a Roth Conversion Make Sense for You?

Understanding Your Financial Anatomy

1. Target Retirement Income
2. Retirement Projections
3. Discover: Higher, Same, Lower Tax Bracket
4. Understanding Your Tax Bracket & Medicare B Part B
5. Establish Your Opinion of the Future of Taxes
6. Must see yourself on a Financial Model to VERIFY and dispel sales hype and hearsay



Step #1: Understanding Your Target Retirement Income



TOTAL Gross Income	\$107,000
Less:	
TSP/401k	\$24,500
IRA	\$6,500
Social Security Savings	\$6,634
Mortgage	
College	
Credit Cards	
Debts	\$6,500
Tax Equivalent Non/Qualified IRA	
Roth	
Total Payments	\$44,134
TARGET RETIREMENT INCOME:	\$ 62,866

Step #2: Quantify Your Retirement Income Projections



Retirement Income Projections

		Pension	\$25,000
		Social Security	\$25,000
	0% W/D	Tax Deferred Annuities	\$0
	0% W/D	Tax Free	\$0
	2.5% W/D	TSP/401(k) \$500,000	\$12,500
		TOTAL	\$0
		Pension	\$0
		Social Security	\$0
	3% W/D	Tax Deferred	\$0
	3% W/D	Tax Free	\$0
	0% W/D	TSP/401(k)	\$0
		TOTAL	\$0
		W/D Rate from Cash Assets	\$0
		Total Income at year #2	\$62,500

Step #3: Compare and Analyze

TOTAL Gross Income	\$107,000
Less:	
TSP/401k	\$24,500
IRA	\$6,500
Social Security	\$6,634
Savings	
Mortgage	
College	
Credit Cards	
Debts	\$6,500
Tax Equivalent	
Non/Qualified IRA	
Roth	
Total Payments	\$44,134
TARGET RETIREMENT INCOME:	\$ 62,866



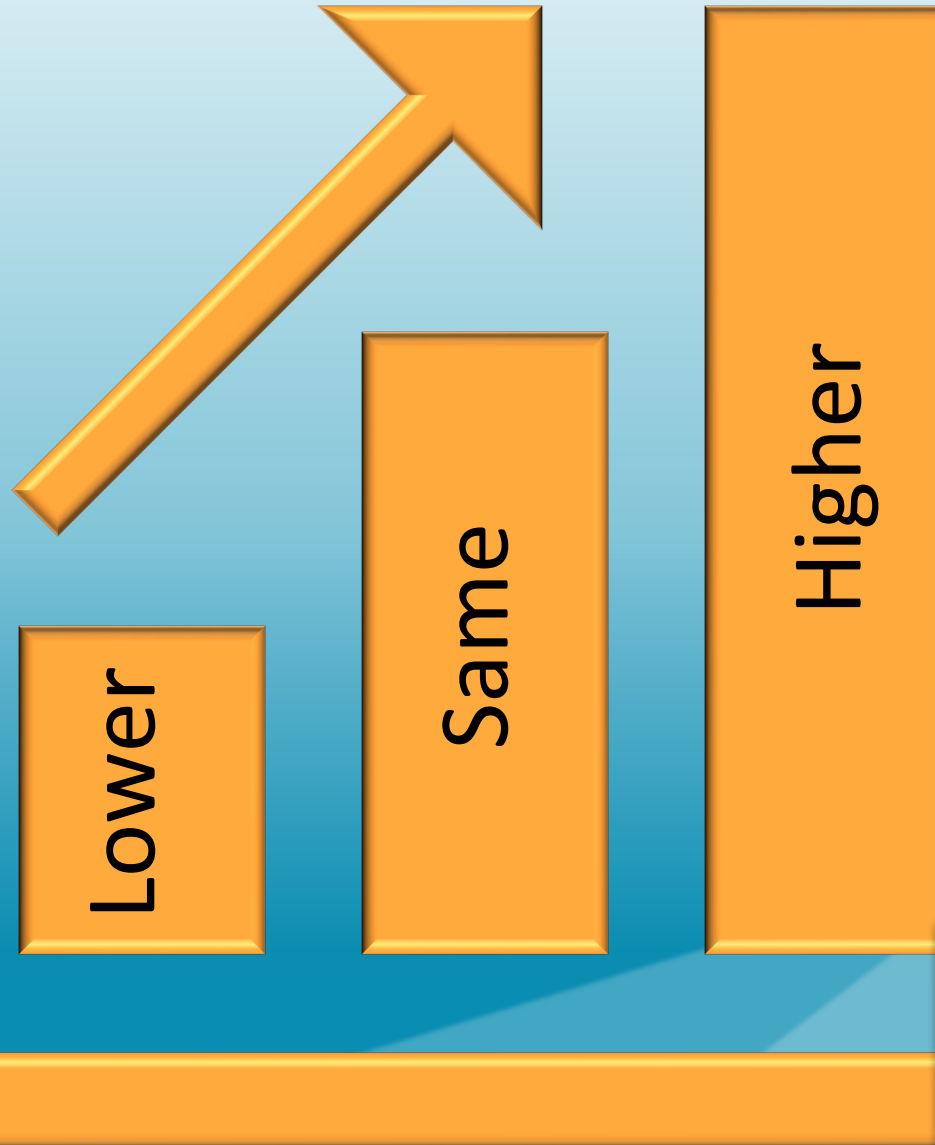
GAP
(Less money in retirement than what you're living on today)

SAME
SURPLUS
(More income in retirement than you're living on today)

Retirement Income Projections		
	Pension	\$25,000
	Social Security	\$25,000
0% W/D	Tax Deferred Annuities	\$0
0% W/D	Tax Free	\$0
2.5% W/D	TSP/401(k) \$500,000	\$12,500
	TOTAL	\$0
	Pension	\$0
	Social Security	\$0
3% W/D	Tax Deferred	\$0
3% W/D	Tax Free	\$0
0% W/D	TSP/401(k)	\$0
	TOTAL	\$0
	W/D Rate from Cash Assets	\$0
	Total Income at year #2	\$62,500

STEP #4: Understanding Your Tax Picture

**Will you
be in a**



**TAX BRACKET
when you retire?**

IRS Form 1040

Taxable Income

Form 1040 (2025) Page 2

Tax and Credits	11b Amount from line 11a (adjusted gross income)	11b
	12a Someone can claim <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent	
	b <input type="checkbox"/> Spouse itemizes on a separate return c <input type="checkbox"/> You were a dual-status alien	
	d You: <input type="checkbox"/> Were born before January 2, 1961 <input type="checkbox"/> Are blind	
	Spouse: <input type="checkbox"/> Was born before January 2, 1961 <input type="checkbox"/> Is blind	
	e Standard deduction or itemized deductions (from Schedule A)	12e
	13a Qualified business income deduction from Form 8995 or Form 8995-A	13a
	b Additional deductions from Schedule 1-A, line 38	13b
	14 Add lines 12e, 13a, and 13b	14
	15 Subtract line 14 from line 11b. If zero or less, enter -0-. This is your taxable income	15
	16 Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16
	17 Amount from Schedule 2, line 3	17
	18 Add lines 16 and 17	18
	19 Child tax credit or credit for other dependents from Schedule 8812	19
	20 Amount from Schedule 3, line 8	20
	21 Add lines 19 and 20	21
	22 Subtract line 21 from line 18. If zero or less, enter -0-	22
	23 Other taxes, including self-employment tax, from Schedule 2, line 21	23
	24 Add lines 22 and 23. This is your total tax	24

Standard deduction for—

- Single or Married filing separately, \$15,750
- Married filing jointly or Qualifying surviving spouse, \$31,500
- Head of household, \$23,625
- If you checked a box on line 12a, 12b, 12c, or 12d, see inst.

Form 1040 U.S. Individual Income Tax Return 2025 OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2025, or other tax year beginning , 2025, ending , 20 See separate instructions.

☐ Filed pursuant to section 301.9100-2 ☐ Combat zone ☐ Deceased MM / DD / YYYY Spouse MM / DD / YYYY

☐ Other

Your first name and middle initial Last name Your social security number

If joint return, spouse's first name and middle initial Last name Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Check here if your main home, and your spouse's if filing a joint return, was in the U.S. for more than half of 2025. ☐

City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP code

Foreign country name Foreign province/state/country Foreign postal code

Filing Status ☐ Single ☐ Head of household (HOH) ☐ Qualifying surviving spouse (QSS)

Check only one box. ☐ Married filing jointly (even if only one had income) ☐ Married filing separately (MFS). Enter spouse's SSN above and full name here: If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent:

☐ If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required):

Digital Assets At any time during 2025, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☐ No

Dependents (see instructions)

	Dependent 1	Dependent 2	Dependent 3	Dependent 4
(1) First name				
(2) Last name				
(3) SSN				
(4) Relationship				
(5) Check if lived with you more than half of 2025: (a) <input type="checkbox"/> Yes (b) <input type="checkbox"/> And in the U.S.				
(6) Check if: <input type="checkbox"/> Full-time student <input type="checkbox"/> Permanently and totally disabled				
(7) Credits <input type="checkbox"/> Child tax credit <input type="checkbox"/> Credit for other dependents				

☐ Check if your filing status is MFS or HOH and you lived apart from your spouse for the last 6 months of 2025, or you are legally separated according to your state law under a written separation agreement or a decree of separate maintenance and you did not live in the same household as your spouse at the end of 2025.

Income Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a Form W-2, see instructions.

1a Total amount from Form(s) W-2, box 1 (see instructions)	1a
b Household employee wages not reported on Form(s) W-2	1b
c Tip income not reported on line 1a (see instructions)	1c
d Medicaid waiver payments not reported on Form(s) W-2 (see instructions)	1d
e Taxable dependent care benefits from Form 2441, line 26	1e
f Employer-provided adoption benefits from Form 8839, line 31	1f
g Wages from Form 8919, line 6	1g
h Other earned income (see instructions). Enter type and amount:	1h
i Nontaxable combat pay election (see instructions) <input type="checkbox"/> 1i	
z Add lines 1a through 1h	1z
2a Tax-exempt interest 2a	2a
3a Qualified dividends 3a	3a
c Check if your child's dividends are included in: 1 <input type="checkbox"/> Line 3a 2 <input type="checkbox"/> Line 3b	3b
4a IRA distributions 4a	4a
c Check if (see instructions): 2 <input type="checkbox"/> QCD 3 <input type="checkbox"/>	4b
5a Pensions and annuities 5a	5a
c Check if (see instructions): 1 <input type="checkbox"/> Rollover 2 <input type="checkbox"/> PSO 3 <input type="checkbox"/>	5b
6a Social security benefits 6a	6a
c If you elect to use the lump-sum election method, check here (see instructions) <input type="checkbox"/>	
d If you are married filing separately and lived apart from your spouse the entire year (see inst.), check here <input type="checkbox"/>	
7a Capital gain or (loss). Attach Schedule D if required	7a
b Check if: <input type="checkbox"/> Schedule D not required <input type="checkbox"/> Includes child's capital gain or (loss)	8
8 Additional income from Schedule 1, line 10	8
9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7a, and 8. This is your total income	9
10 Adjustments to income from Schedule 1, line 26	10
11a Subtract line 10 from line 9. This is your adjusted gross income	11a

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040 (2025) Created 9/5/25

What is Your Tax Bracket?

**Your Line 15: \$183,000 ~ So, what
marginal rate are you in now?**

Tax Bracket 2026

**How many
of you think
you will be
in a lower
tax bracket
when you
retire?**

Tax Rate	For Single Filers	For Married Individuals Filing Joint Returns	For Heads of Households
10%	\$0 to \$12,400	\$0 to \$24,800	\$0 to \$17,700
12%	\$12,401 to \$50,400	\$24,801 to \$100,800	\$17,701 to \$67,450
22%	\$50,401 to \$105,700	\$100,801 to \$211,400	\$67,451 to \$105,700
24%	\$105,701 to \$201,775	\$211,401 to \$403,550	\$105,701 to \$201,775
32%	\$201,776 to \$256,225	\$403,551 to \$512,450	\$201,776 to \$256,200
35%	\$256,226 to \$640,600	\$512,451 to \$768,700	\$256,201 to \$640,600
37%	\$640,601 or more	\$768,701 or more	\$640,601 or more

Step #3: Compare and Analyze

TOTAL Gross Income	\$107,000
Less:	
TSP/401k	\$24,500
IRA	\$6,500
Social Security	\$6,634
Savings	
Mortgage	
College	
Credit Cards	
Debts	\$6,500
Tax Equivalent	
Non/Qualified IRA	
Roth	
Total Payments	\$44,134
TARGET RETIREMENT INCOME:	\$ 62,866



GAP
(Less money in retirement than what you're living on today)

SAME
SURPLUS
(More income in retirement than you're living on today)

Retirement Income Projections		
	Pension	\$25,000
	Social Security	\$25,000
0% W/D	Tax Deferred Annuities	\$0
0% W/D	Tax Free	\$0
2.5% W/D	TSP/401(k) \$500,000	\$12,500
	TOTAL	\$0
	Pension	\$0
	Social Security	\$0
3% W/D	Tax Deferred	\$0
3% W/D	Tax Free	\$0
0% W/D	TSP/401(k)	\$0
	TOTAL	\$0
	W/D Rate from Cash Assets	\$0
	Total Income at year #2	\$62,500

Medicare B Coverage for 2024

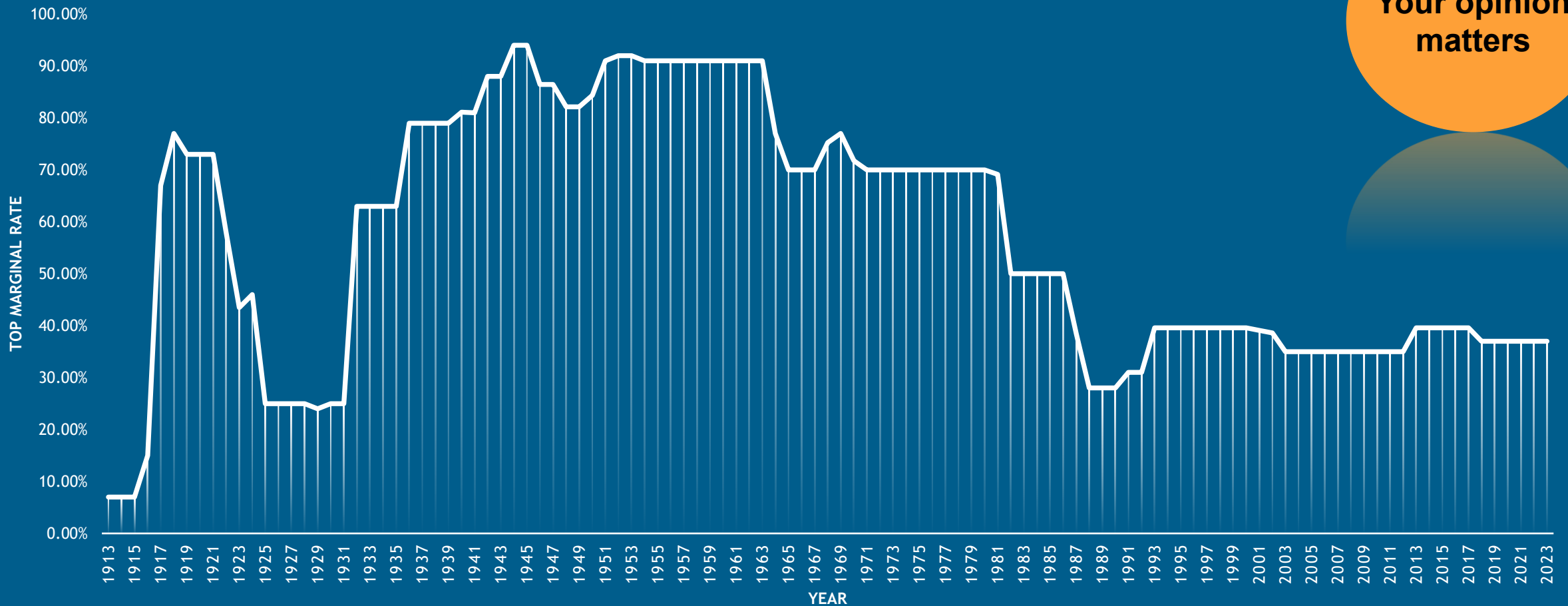
Medicare 2024 Part B Premiums By Income

If Your Filing Status and Yearly Income in 2022 was:

Individual Tax Return	Joint Tax Return	Married & Separate Tax Return	PART B Premium + IRMAA
\$103,000 or Less	\$206,000 or Less	\$103,000 or Less	\$174.70
\$103,001 to \$129,000	\$206,001 to \$258,000	N/A	\$244.60 (\$174.70 + \$69.90)
\$129,001 to \$161,000	\$258,001 to \$322,000	N/A	\$349.40 (\$174.70 + \$174.70)
\$161,001 to \$193,000	\$322,001 to \$386,000	N/A	\$454.20 (\$174.70 + \$279.50)
\$193,001 to \$499,999	\$386,001 to \$749,999	\$103,001 to \$396,999	\$559.00 (\$174.70 + \$384.30)
\$500,000+	\$750,000+	\$397,000+	\$594.00 (\$174.70 + \$419.30)

Where do you think taxes will be in your future?

HISTORICAL HIGHEST MARGINAL INCOME TAX RATES



Your opinion matters

► The data referenced in this chart we created is from the Tax Policy Center: <https://taxpolicycenter.org/statistics/historical-highest-marginal-income-tax-rates>

► This table contains a number of simplifications and ignores a number of factors, such as the amount of income or types of income subject to the top rates, or the value of standard and itemized deductions. Sources: IRS Revenue Procedures, various years. Also, Eugene Steuerle, The Urban Institute; Joseph Pechman, *Federal Tax Policy*; Joint Committee on Taxation, Summary of Conference Agreement on the Jobs and Growth Tax Relief Reconciliation Act of 2003, JCX-54-03, May 22, 2003.

ROTH Conversion Solutions

On a Financial Model



Target Retirement Income



Gross Income - Sue	\$107,000
Gross Income - Bill	\$0
Total Gross Income	\$107,000
Less	
TSP/401(k)	\$24,500
IRA	\$6,500
Social Security	\$6,634
IRA	\$6,500
Mortgage	\$0
College	\$0
Credit Cards	\$0
Debts	\$0
Tax Equivalent	\$0
Non/Qualified IRA	\$0
Roth	\$0
Total Payments	\$44,134
Target Retirement Income	\$62,866

Present Position Financial Model

Income			\$0	
Total Income			\$107,000	
Additional Information				
Sue 61-62;				
Bill 61-62				
Retirement Income Projections				
Sue	COLA	0%	Pension	\$0
	WD	0%	Social Security	\$0
	0%	0%	Tax Deferred	\$0
	0%	0%	Roth	\$0
	0%	0%	401k & IRA	\$0
			TOTAL	\$0
Bill	COLA	0%	Pension	\$0
	WD	0%	Social Security	\$0
	0%	0%	Tax Deferred	\$0
	0%	0%	Roth	\$0
	0%	0%	IRA	\$0
			TOTAL	\$0
W/D Rate from Cash Assets			\$0	
Total Income at year # 1 =			\$0	
0.0%	Target Retirement Income		\$62,866	

0	2,360	0
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Employee	Match	Add.
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0	0	37,500
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PRESENT

0

Add.	Regular Savings	CD's	College Savings	Rate	Future Value
	Savings 100,000			1%	101,000
				1%	0
				1%	0
	Tax Deferred	Roth	401k & IRA		
6,500			IRA 550,000	4%	0
				4%	68,640
		roth 66,000		4%	926,640
24,500			TSP 310,000		
	Tax Deferred	Roth	IRA		
				4%	0
				4%	22,880
		roth 22,000		4%	318,760
6,500			IRA 300,000		
37,500					1,437,920

rust	Rate	Future Value
25,000	5%	0
	5%	0
	5%	26.250

Sue Retires

Total Income			\$107,000	
Additional Information				
Sue 62-70				
Bill 62-70				
Retirement Income Projections				
Sue	COLA	0%	Pension	\$18,836
	WD	0%	Social Security	\$0
	0%	0%	Tax Deferred	\$0
	0%	0%	Roth	\$0
	3%	0%	401k & IRA	\$31,506
			TOTAL	\$50,342
Bill	COLA	0%	Pension	\$0
	WD	0%	Social Security	\$0
	0%	0%	Tax Deferred	\$0
	0%	0%	Roth	\$0
	4%	0%	IRA	\$12,750
			TOTAL	\$12,750
0% W/D Rate from Cash Assets			\$0	
			\$0	
Total Income at year # 8 =			\$63,092	
0.0%	Target Retirement Income		\$62,866	

0	0	0
Employee	Match	Add.
0	0	0

Regular Savings		CD's	College Savings	Rate	Future Value
Savings 101,000				1%	109,369
				1%	0
				1%	0
Tax Deferred		Roth	401k & IRA		
			IRA 578,760	4%	0
		roth 68,640		4%	93,939
			TSP 347,880	4%	966,258
Tax Deferred		Roth	IRA		
				4%	0
		roth 22,880		4%	31,313
			IRA 318,760	4%	314,061
Savings Type Assets Total					1,514,938
Government Bonds		Corporate Bonds	BoA Trust	Rate	Future Value
				5%	0
			26,250	5%	0
				5%	29,792

RMD & SS

Total Income		\$107,000		
Additional Information				
Sue 70-100				
Bill 70-100				
Retirement Income Projections				
Sue	COLA	0%	Pension	\$18,836
	WD	0%	Social Security	\$32,000
	0%	0%	Tax Deferred	\$0
	0%	0%	Roth	\$0
	4%	0%	401k & IRA	\$38,650
			TOTAL	\$89,486
Bill	COLA	0%	Pension	\$0
	WD	0%	Social Security	\$32,000
	0%	0%	Tax Deferred	\$0
	0%	0%	Roth	\$0
	4%	0%	IRA	\$12,562
			TOTAL	\$44,562
0% W/D Rate from Cash Assets		\$0		
		\$0		
Total Income at year # 30 = \$134,049				
0.0%	Target Retirement Income		\$62,866	

0	0	0
Employee	Match	Add.

Regular Savings	CD's	College Savings
Savings 109,369		

Tax Deferred	Roth	401k & IRA
		IRA 603,504
	roth 93,939	
		TSP 362,753
Tax Deferred	Roth	IRA
	roth 31,313	
		IRA 314,061

0	0	0
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Government Bonds	Corporate Bonds	BoA Trust
		38,783

Rate	Future Value
1%	147,412
1%	0
1%	0
4%	0
4%	304,680
4%	879,550
4%	0
4%	101,560
4%	285,878
5%	0
5%	0
5%	167,610

Savings Type Assets Total 1,719,080

Tax Bracket 2025

Tax Rate	For Single Filers	For Married Individuals Filing Joint Returns	For Heads of Households
10%	\$0 to \$11,925	\$0 to \$23,850	\$0 to \$17,000
12%	\$11,925 to \$48,475	\$23,850 to \$96,950	\$17,000 to \$64,850
22%	\$48,475 to \$103,350	\$96,950 to \$206,700	\$64,850 to \$103,350
24%	\$103,350 to \$197,300	\$206,700 to \$394,600	\$103,350 to \$197,300
32%	\$197,300 to \$250,525	\$394,600 to \$501,050	\$197,300 to \$250,500
35%	\$250,525 to \$626,350	\$501,050 to \$751,600	\$250,500 to \$626,350
37%	\$626,350 or more	\$751,600 or more	\$626,350 or more

Sue Retires

Total Income			\$107,000	
Additional Information				
Sue 62-70				
Bill 62-70				
Retirement Income Projections				
Sue	COLA	0%	Pension	\$18,836
	WD	0%	Social Security	\$0
	0%	0%	Tax Deferred	\$0
	0%	0%	Roth	\$0
	3%	0%	401k & IRA	\$31,506
			TOTAL	\$50,342
Bill	COLA	0%	Pension	\$0
	WD	0%	Social Security	\$0
	0%	0%	Tax Deferred	\$0
	0%	0%	Roth	\$0
	4%	0%	IRA	\$12,750
			TOTAL	\$12,750
0% W/D Rate from Cash Assets			\$0	
			\$0	
Total Income at year # 8 =			\$63,092	
0.0%	Target Retirement Income		\$62,866	

0	0	0
Employee	Match	Add.
0	0	0

			0	

Medicare B Coverage for 2024

Medicare 2024 Part B Premiums By Income

If Your Filing Status and Yearly Income in 2022 was:

Individual Tax Return	Joint Tax Return	Married & Separate Tax Return	PART B Premium + IRMAA
\$103,000 or Less	\$206,000 or Less	\$103,000 or Less	\$174.70
\$103,001 to \$129,000	\$206,001 to \$258,000	N/A	\$244.60 (\$174.70 + \$69.90)
\$129,001 to \$161,000	\$258,001 to \$322,000	N/A	\$349.40 (\$174.70 + \$174.70)
\$161,001 to \$193,000	\$322,001 to \$386,000	N/A	\$454.20 (\$174.70 + \$279.50)
\$193,001 to \$499,999	\$386,001 to \$749,999	\$103,001 to \$396,999	\$559.00 (\$174.70 + \$384.30)
\$500,000+	\$750,000+	\$397,000+	\$594.00 (\$174.70 + \$419.30)

RMD and Social Security Tab on Financial Model

RMD & SS

Total Income		\$107,000		0			0			0			0		
Additional Information															
Sue 70-100															
Bill 70-100															
Retirement Income Projections															
Sue	COLA	0%	Pension	\$18,836	Sue	Regular Savings	CD's	College Savings	Rate	Future Value					
	WD	0%	Social Security	\$32,000		Savings	109,369		1%	147,412					
	0%	0%	Tax Deferred	\$0					1%	0					
	0%	0%	Roth	\$0					1%	0					
	4%	0%	401k & IRA	\$38,650											
TOTAL				\$89,486											
Bill	COLA	0%	Pension	\$0	Bill	Tax Deferred	Roth	401k & IRA							
	WD	0%	Social Security	\$32,000				IRA	603,504	4%	0				
	0%	0%	Tax Deferred	\$0					4%	304,680					
	0%	0%	Roth	\$0		roth	93,939		4%	879,550					
	4%	0%	IRA	\$12,562				TSP	362,753						
TOTAL				\$44,562											
0% W/D Rate from Cash Assets				\$0											
				\$0											
Total Income at year # 30 =				\$134,049											
0.0%	Target Retirement Income			\$62,866											
										Savings Type Assets Total				1,719,080	

What Tax Bracket Does it Fall into?

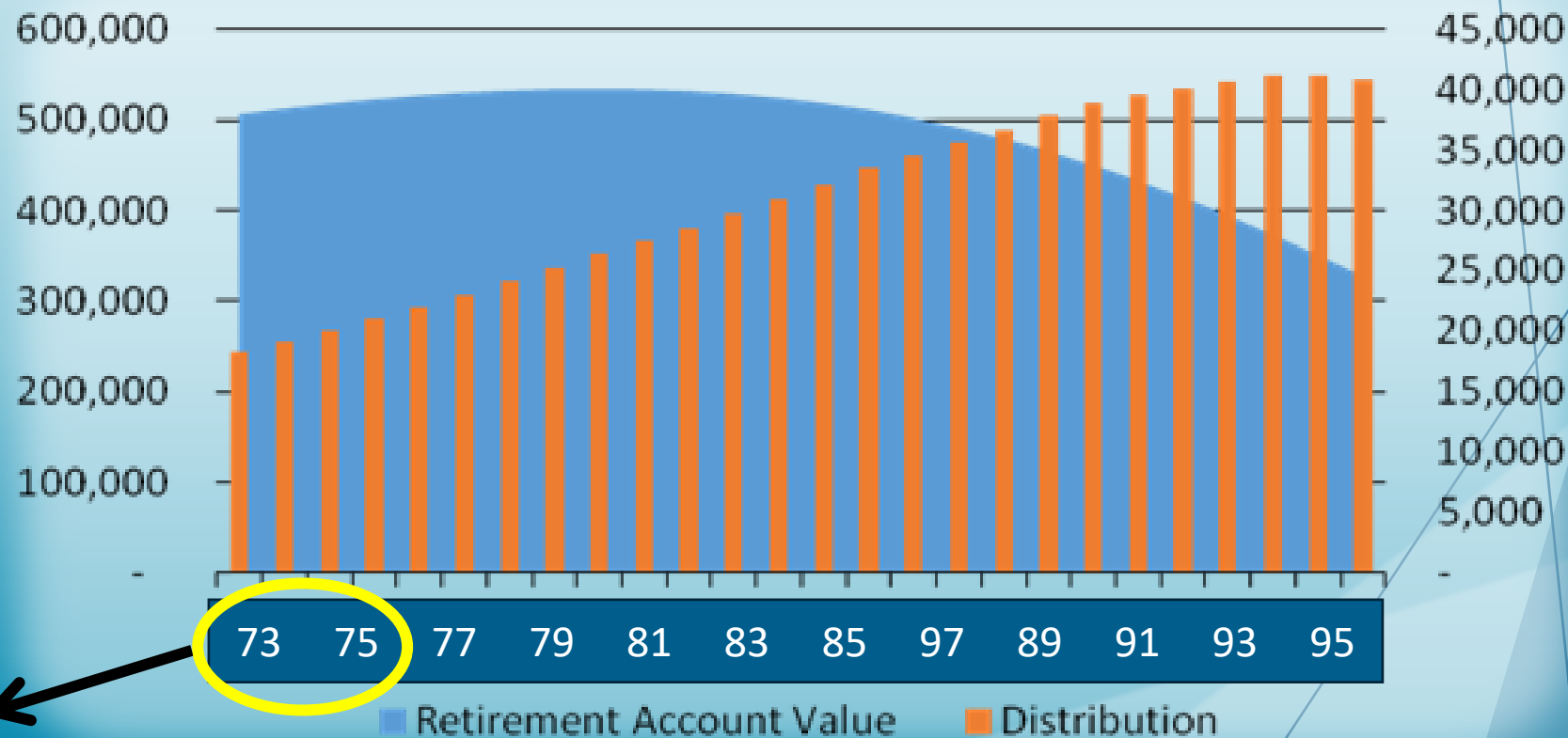
Tax Bracket 2025

Tax Rate	For Single Filers	For Married Individuals Filing Joint Returns	For Heads of Households
10%	\$0 to \$11,925	\$0 to \$23,850	\$0 to \$17,000
12%	\$11,925 to \$48,475	\$23,850 to \$96,950	\$17,000 to \$64,850
22%	\$48,475 to \$103,350	\$96,950 to \$206,700	\$64,850 to \$103,350
24%	\$103,350 to \$197,300	\$206,700 to \$394,600	\$103,350 to \$197,300
32%	\$197,300 to \$250,525	\$394,600 to \$501,050	\$197,300 to \$250,500
35%	\$250,525 to \$626,350	\$501,050 to \$751,600	\$250,500 to \$626,350
37%	\$626,350 or more	\$751,600 or more	\$626,350 or more

RMDs Increase...

Assumes 5% annual return and starting value of \$500,000

Effect of RMDs



AGE 73...75

NOTE:
The age for withdrawing from retirement accounts was increased in 2020 to 72 from 70.5. (Note that the SECURE 2.0 Act will raise the age for RMDs to 73 for those who turn 72 in 2023.) Therefore, your first RMD must be taken by April 1 of the year after which you turn 72 (73 in 2023). After that your RMDs must be taken by December 31 of each year.

Sue and Bill Model Inflation

Retirement Income Projections

Sue 73 to 90

WD	3.0%	Pension	\$31,133
COLA	3.0%	Social Security	\$52,891
0.0%	0.0%	Tax Deferred	\$0
0.0%	0.0%	Tax Free	\$0
4.0%	3.1%	Tax Deductible	\$73,055
TOTAL			\$157,079

Bill 73 to 90

COLA	0.0%	Pension	\$0
WD	3.0%	Social Security	\$52,891
0.0%	0.0%	Tax Deferred	\$0
0.0%	0.0%	Tax Free	\$0
4.0%	0.0%	Tax Deductible	\$14,131
TOTAL			\$67,022

W/D Rate from Cash Assets \$0

\$0

Total Income at year # 17 = \$224,101

0.0% Target Retirement Income \$62,866

0 0 0

Sue

Tax Deferred	Tax Free	Tax Deductible		
		RIRA 678,860	4%	0
	Roth 105,668		4%	205,831
		TSP 408,048	4%	316,718
Bill				
Tax Deferred	Tax Free	Tax Deductible		
	Roth 43,228		4%	0
		IRA 353,275	4%	84,204
			4%	339,881

Savings Type Assets Total 1,080,083

Wealth Transfer: Pre-Tax Retirement Accounts

Ret. Age	To Age	Pre-Tax Accounts Initial Balance	Level B.o.Y. Withdrawals	Rate of Return (Avg. Annual)	Total of All Fees	Federal+State Income Tax %
72	100	\$1,000,000	\$0	5.00%	0.00%	24%
Age	Year	Balance B.o.Y.	Gross Withdrawal B.o.Y. <input checked="" type="checkbox"/> RMD	Balance Net of Fees E.o.Y.	All-Inclusive Tax Liability E.o.Y.	Net of Fed+State Income Taxes
72	1	\$1,000,000	\$39,063	\$1,008,984	\$0	\$766,828
73	2	1,008,984	40,850	1,016,542	243,970	772,572
74	3	1,016,542	42,712	1,022,521	245,405	777,116
75	4	1,022,521	44,652	1,026,763	246,423	780,340
76	5	1,026,763	46,671	1,029,097	246,983	782,113
77	6	1,029,097	48,542	1,029,582	247,100	782,482
78	7	1,029,582	50,718	1,027,807	246,674	781,133
79	8	1,027,807	52,708	1,023,854	245,725	778,129
80	9	1,023,854	54,752	1,017,557	244,214	773,344
81	10	1,017,557	56,847	1,008,746	242,099	766,647
82	11	1,008,746	58,991	997,243	239,338	757,905
83	12	997,243	61,181	982,865	235,888	746,978
84	13	982,865	63,411	965,428	231,703	733,725
85	14	965,428	65,232	945,206	226,849	718,356
86	15	945,206	67,036	922,078	221,299	700,780
87	16	922,078	68,812	895,930	215,023	680,907
88	17	895,930	70,546	866,653	207,997	658,657
89	18	866,653	72,221	834,154	200,197	633,957
90	19	834,154	73,171	799,032	191,768	607,264
91	20	799,032	73,984	761,300	182,712	578,588
92	21	761,300	74,637	720,996	173,039	547,957
93	22	720,996	75,104	678,186	162,765	515,422
94	23	678,186	74,526	633,843	152,122	481,721
95	24	633,843	73,703	588,148	141,155	446,992
96	25	588,148	72,611	541,314	129,915	411,398
97	26	541,314	71,225	493,593	118,462	375,130
98	27	493,593	69,520	445,276	106,866	338,410
99	28	445,276	66,459	397,758	95,462	302,296

Tax Shelter



Growth

Free

Tax

Surplus or Gap

Lower/Higher
Brackets

RMD's Social Security =
Reinvestment?

Roth IRA/
Shadow Prevision

Roth Conversions in Your TSP

What We Know So Far

January
2026

Planned
Roll Out

Assess
Taxable
Income

You will need to assess your taxable income for the conversion year to determine potential tax liabilities

Use
External
Funds

You must use external funds to pay the taxes incurred by the conversion (TSP assets cannot be used to cover taxes)



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<https://www.surveymonkey.com/r/DCSOFASURVEY>



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