



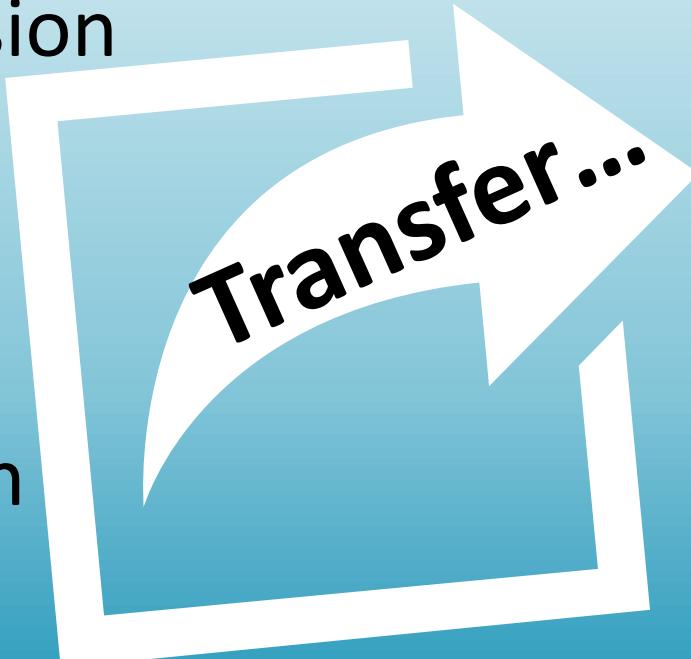
UNDERSTANDING ROTH CONVERSIONS



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What is a Roth Conversion

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



Roth IRA

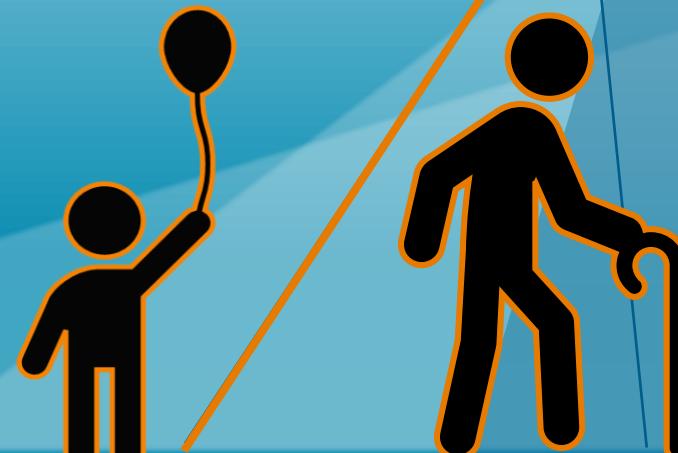
What are the Benefits of a Roth Conversion

- ✓ 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



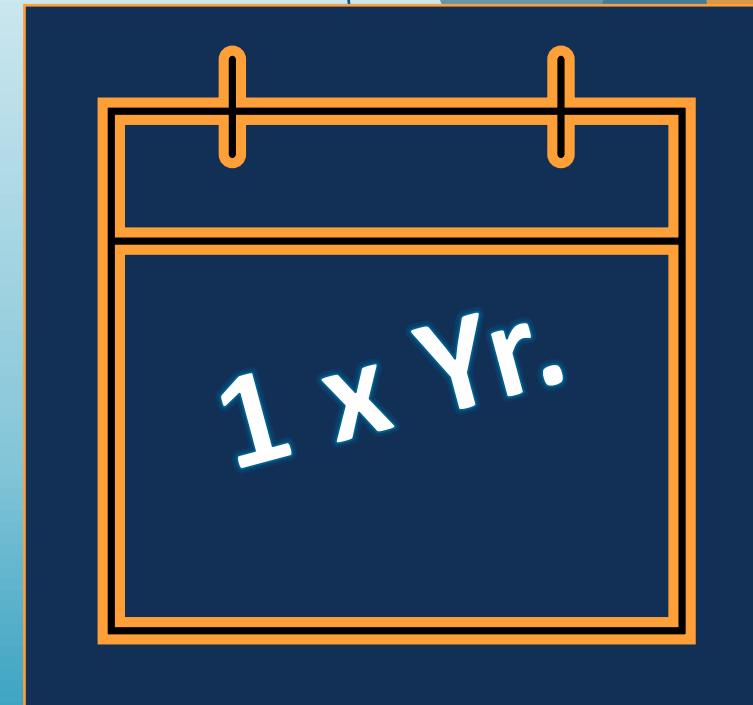
1. No limit to how much you can convert.
2. No age limit to doing a conversion.



... 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).



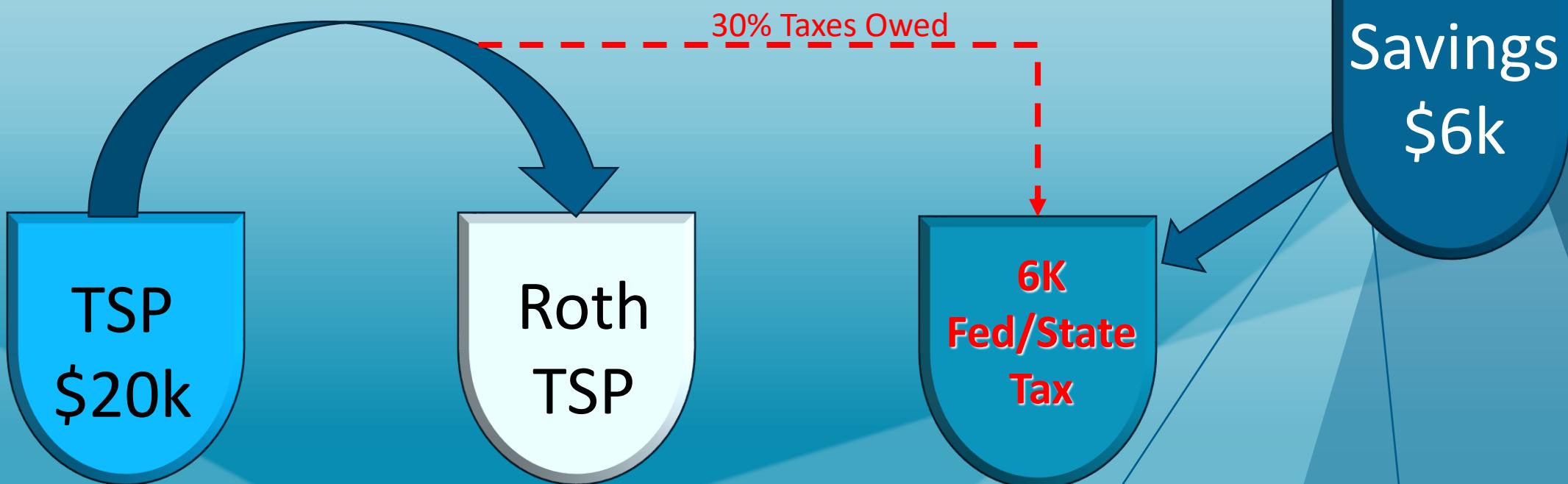
... And More Rules...



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



TSP / Roth In-Plan Conversions



What's New

- Available in My Account on Jan 28, 2026
- Traditional → Roth conversion inside the TSP
- First conversion creates a Roth TSP balance (if needed)
- Irreversible once completed
- No stated age limit (working or retirement)

Key Rules

- \$500 minimum per conversion
- Up to 26 conversions/year per TSP account
- Conversion amount is taxable income that year
- Taxes must be paid from outside the TSP (no withholding)

TSP / Roth In-Plan Conversions

Five-year rules (two clocks)



1) Roth Earnings Qualification

Earnings can be tax-free if BOTH are true:

- 5 years since Jan 1 of first Roth TSP contribution (or first conversion if it creates Roth)
- AND age 59½, disability, or death condition is met



2) Converted Amount Penalty Clock

Each conversion starts its own 5-year clock (from Jan 1 of the conversion year).

Withdraw converted amounts within 5 years → 10% early withdrawal penalty may apply unless an exception applies (e.g., age 59½).

Does a Roth Conversion Makes sense for you?



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

10

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



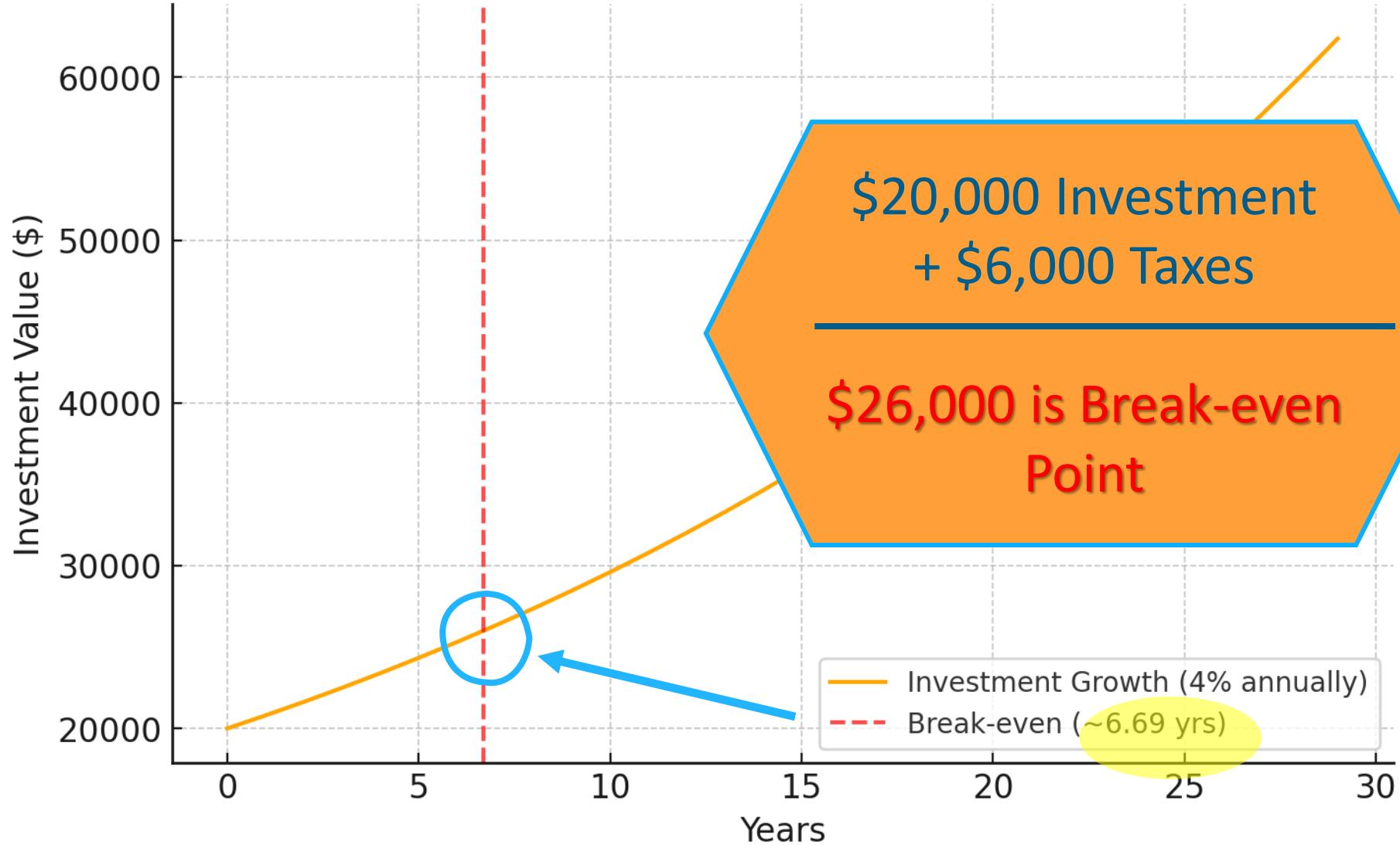
You have enough money from another source to pay the tax for the conversion.



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

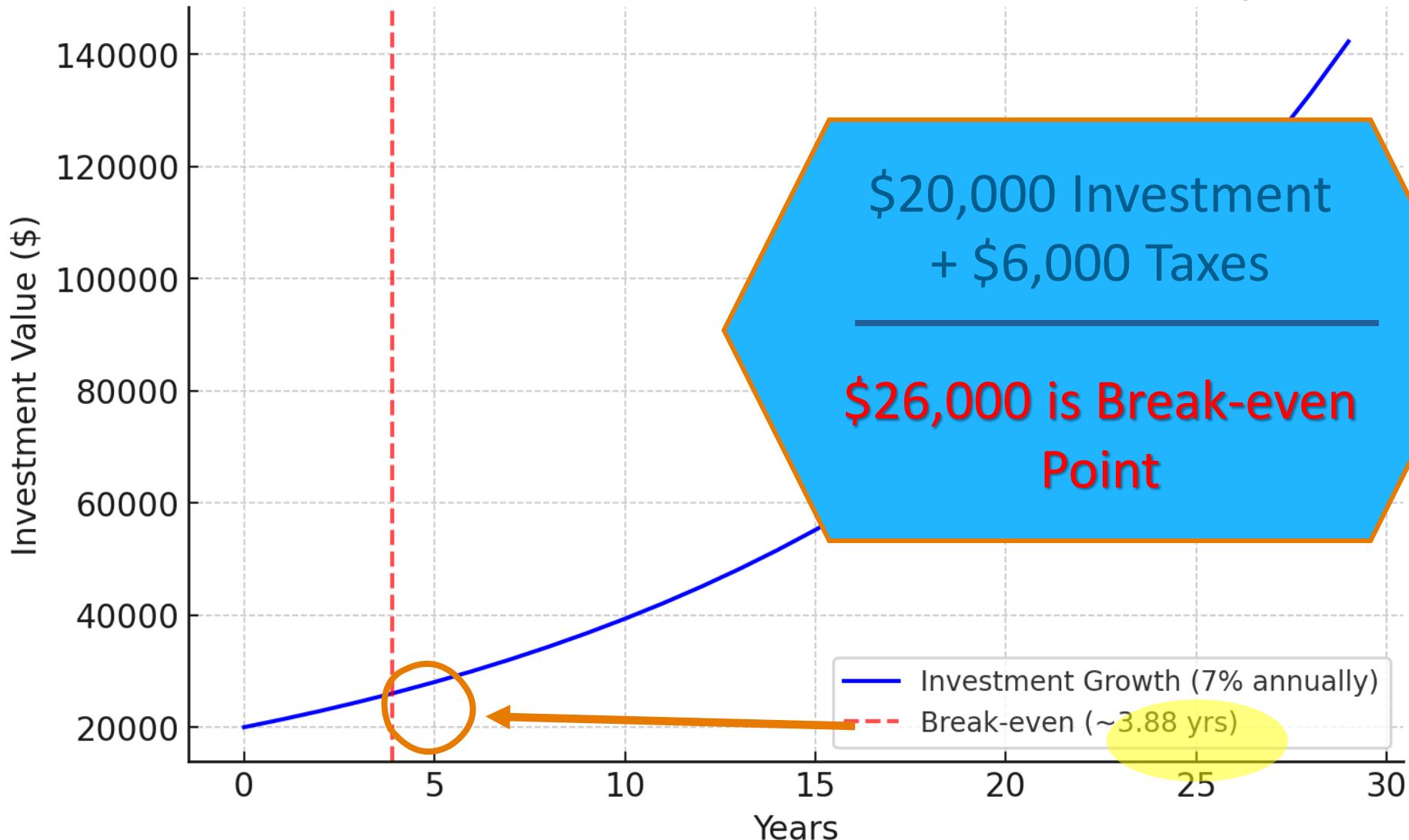
Break-Even Point at 4% Return

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:

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.**



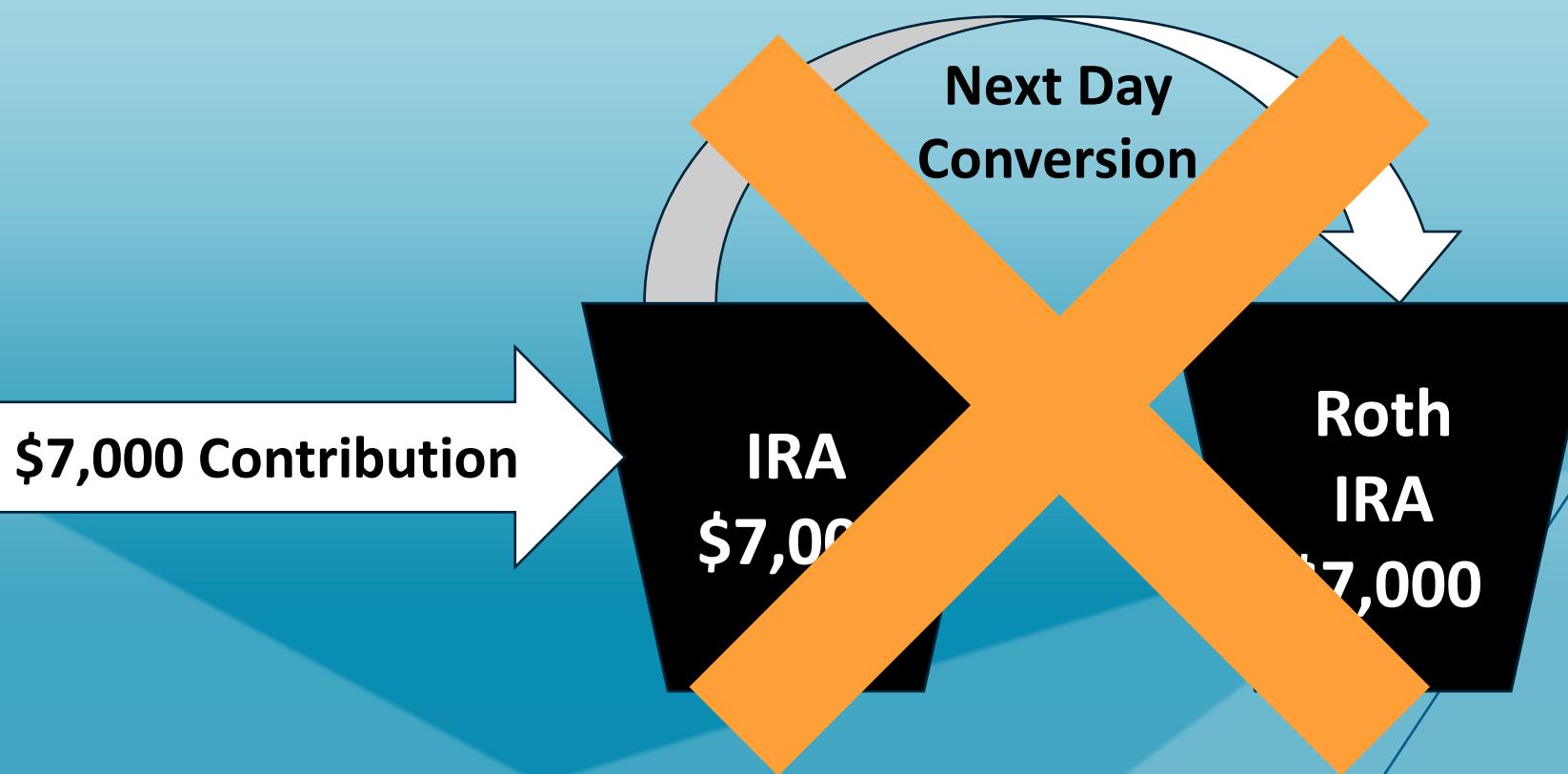
CSRS Employees Not Subject

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

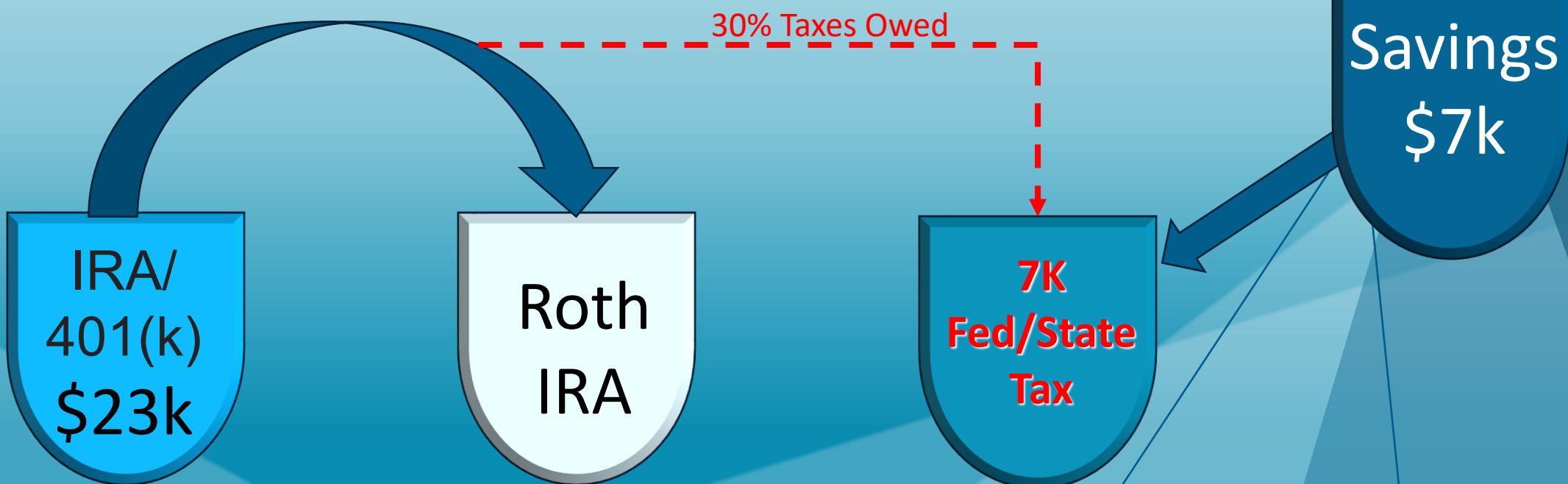


Back Door Roth = Conversion

Phase Out – Income Limits Too High



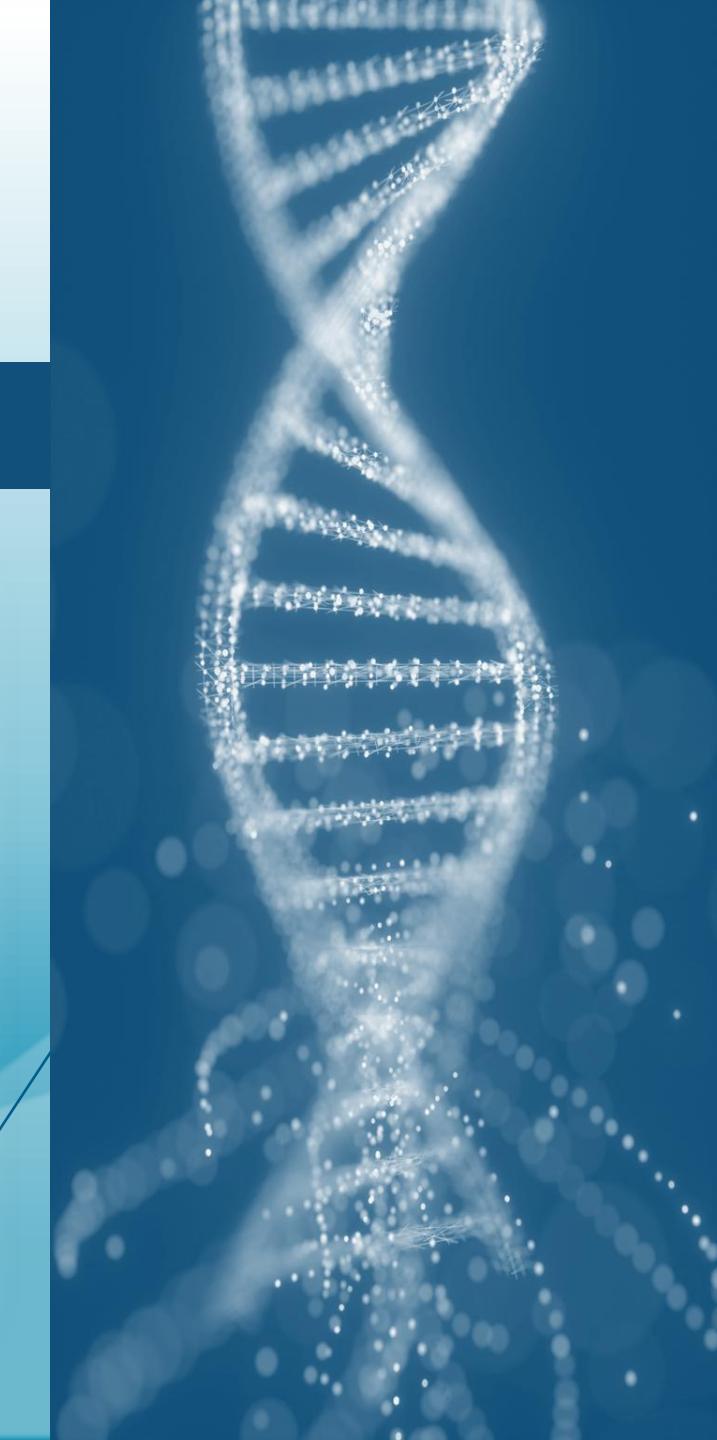
What Makes More Sense...



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	\$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

Step #2: Quantify Your Retirement Income Projections

Retirement Income Stool

Social Security

Pension

Savings/Investments

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
	TOTAL	\$12,500
	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



Higher

TAX BRACKET
when you retire?

IRS Form 1040

Form 1040 (2025) Page 2

Tax and Credits	
11b	Amount from line 11a (adjusted gross income)
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 <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)
13a	Qualified business income deduction from Form 8995 or Form 8995-A
b	Additional deductions from Schedule 1-A, line 38
14	Add lines 12e, 13a, and 13b
15	Subtract line 14 from line 11b. If zero or less, enter -0-. This is your taxable income
16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>
17	Amount from Schedule 2, line 3
18	Add lines 16 and 17
19	Child tax credit or credit for other dependents from Schedule 8812
20	Amount from Schedule 3, line 8
21	Add lines 19 and 20
22	Subtract line 21 from line 18. If zero or less, enter -0-
23	Other taxes, including self-employment tax, from Schedule 2, line 21
24	Add lines 22 and 23. This is your total tax

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.

Taxable Income

Form 1040 Department of the Treasury—Internal Revenue Service 2025 OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

<input type="checkbox"/> Filed pursuant to section 301.9100-2 <input type="checkbox"/> Combat zone		<input type="checkbox"/> Deceased MM / DD / YYYY Spouse MM / DD / YYYY																																																																																															
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City, town, or post office. If you have a foreign address, also complete spaces below.		State	ZIP code																																																																																														
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<input type="checkbox"/> Head of household (HOH) <input type="checkbox"/> Qualifying surviving spouse (QSS) If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: <input type="checkbox"/> You <input type="checkbox"/> Spouse																																																																																																	
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.) <input type="checkbox"/> Yes <input type="checkbox"/> No																																																																																																	
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2b	Taxable interest	2b																																																																																															
3a	Qualified dividends	3a																																																																																															
b	Ordinary dividends	3b																																																																																															
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																																																																																															
b	Taxable amount	4b																																																																																															
c	Check if (see instructions) 1 <input type="checkbox"/> Rollover 2 <input type="checkbox"/> QCD 3 <input type="checkbox"/>	5b																																																																																															
5a	Pensions and annuities	5a																																																																																															
b	Taxable amount	5b																																																																																															
c	Check if (see instructions) 1 <input type="checkbox"/> Rollover 2 <input type="checkbox"/> PSO 3 <input type="checkbox"/>	6b																																																																																															
6a	Social security benefits	6a																																																																																															
b	Taxable amount	6b																																																																																															
c	If you elect to use the lump-sum election method, check here (see instructions)	7a																																																																																															
d	If you are married filing separately and lived apart from your spouse the entire year (see inst.), check here	7a																																																																																															
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	9																																																																																															
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?

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

Tax Bracket 2026

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
	TOTAL	\$12,500
	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 2026

If Your Yearly Income in 2024 was:

File Individual Tax Return	File Joint Tax Return	File Married & Separate Tax Return	Part B Premium You Pay Each Month (in 2026):
\$109,000 or less	\$218,000 or less	\$109,000 or less	\$202.90
\$109,001 to \$137,000	\$218,001 to \$274,000	N/A	\$284.10
\$137,001 to \$171,000	\$274,001 to \$342,000	N/A	\$405.80
\$171,001 to \$205,000	\$342,001 to \$410,000	N/A	\$527.50
\$205,001 to \$499,000	\$410,001 to \$749,999	\$109,001 to \$390,999	\$649.20
\$500,000+	\$750,000+	\$391,000+	\$689.90

Where do you think taxes will be in your future?



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

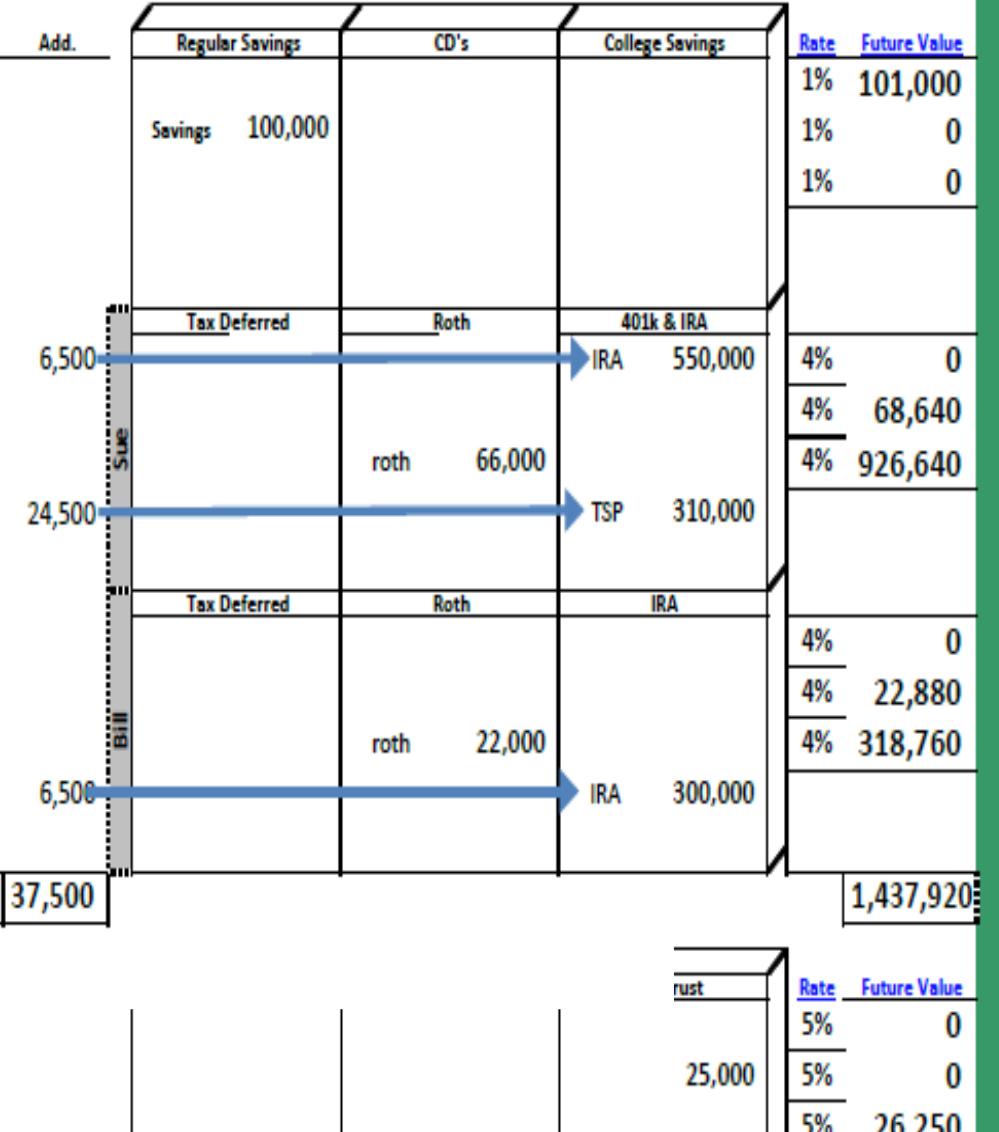
Present Position Financial Model

PRESENT

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

0	2,360	0
---	-------	---

Employee Match Add.



Sue Retires

Total Income \$107,000			0	0	0	0
	Employee	Match	Add.			
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			
			Savings Type Assets Total 1,514,938			
			Government Bonds	Corporate Bonds	BoA Trust	
					26,250	
			Rate	Future Value		
			5%	0		
			5%	0		
			5%	29,792		

RMD and Social Security Tab on Financial Model

RMD & SS

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			0	0	0	0
Employee	Match	Add.				
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			
			Savings Type Assets Total 1,514,938			
			Government Bonds	Corporate Bonds	BoA Trust	
					26,250	
						Rate Future Value
						5% 0
						5% 0
						5% 29,792

Medicare B Coverage for 2026

If Your Yearly Income in 2024 was:

File Individual Tax Return	File Joint Tax Return	File Married & Separate Tax Return	Part B Premium You Pay Each Month (in 2026):
\$109,000 or less	\$218,000 or less	\$109,000 or less	\$202.90
\$109,001 to \$137,000	\$218,001 to \$274,000	N/A	\$284.10
\$137,001 to \$171,000	\$274,001 to \$342,000	N/A	\$405.80
\$171,001 to \$205,000	\$342,001 to \$410,000	N/A	\$527.50
\$205,001 to \$499,000	\$410,001 to \$749,999	\$109,001 to \$390,999	\$649.20
\$500,000+	\$750,000+	\$391,000+	\$689.90

RMD and Social Security Tab on Financial Model

RMD & SS

Total Income **\$107,000**

Employee **Match** **Add.** **0** **0** **0**

Additional Information

Sue 70-100
Bill 70-100

Retirement Income Projections

	COLA	WD	Pension	\$18,836
Sue	0%	0%	Social Security	\$32,000
	0%	0%	Tax Deferred	\$0
	0%	0%	Roth	\$0
	4%	0%	401k & IRA	\$38,650
			TOTAL	\$89,486

	COLA	WD	Pension	\$0
Bill	0%	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**

Total Income at year # 30 = \$134,049

0.0% Target Retirement Income \$62,866

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**

Savings Type Assets Total **1,719,080**

Government Bonds **Corporate Bonds** **BoA Trust**

38,783

What Tax Bracket Does it Fall into?

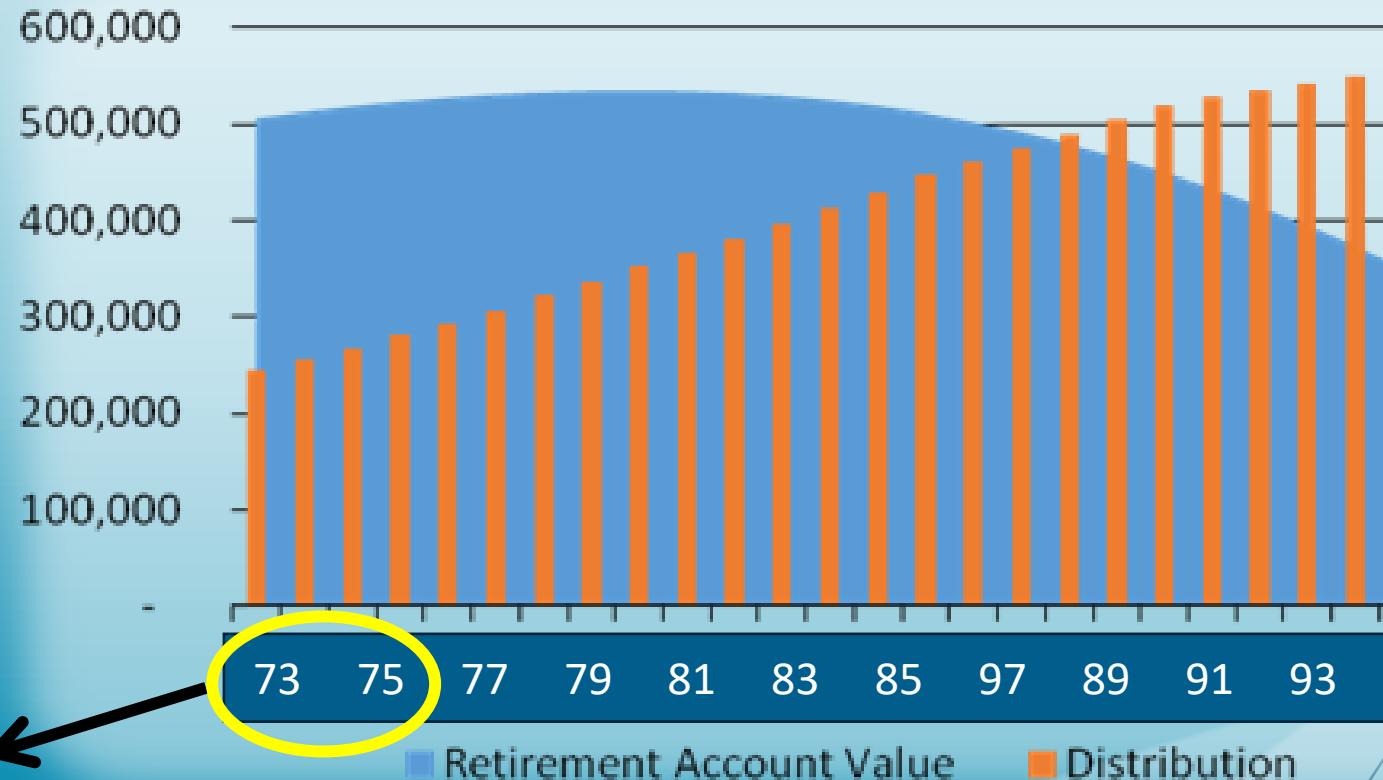
Tax Bracket 2025

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

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
0	0	0
Savings Type Assets Total		1,080,083

Wealth Transfer: Pre-Tax Retirement Accounts

Ret. Age	To Age	Pre-Tax Accounts		Level B.o.Y.	Rate of Return (Avg. Annual)	Total of All Fees	Federal+State Income Tax %
		Initial Balance	Withdrawals				
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 E.o.Y.	All-Inclusive Tax Liability	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

Tax

Surplus or Gap

Lower/Higher
Brackets

Fr ee

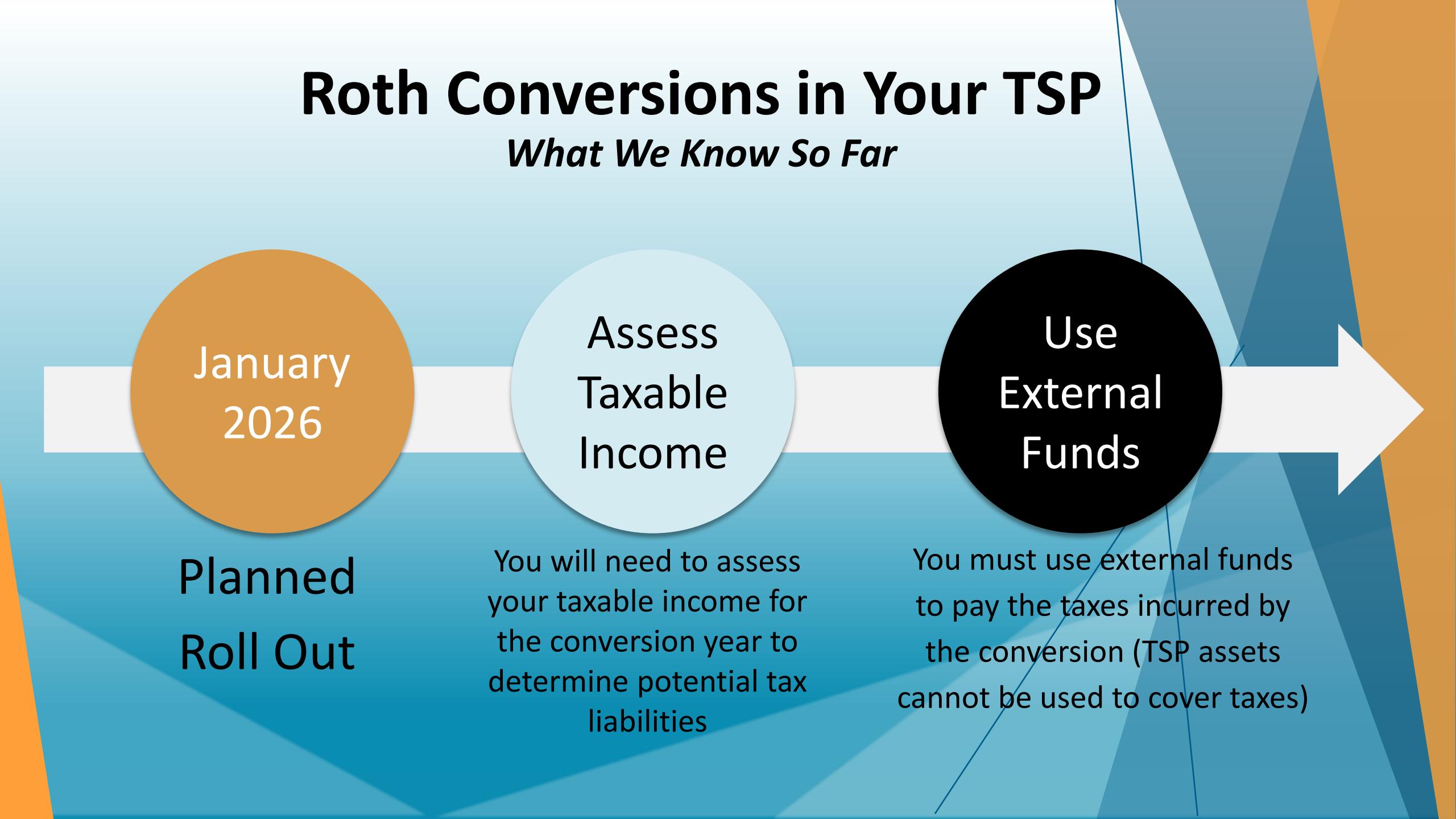
Growth

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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