



THE SOCIETY FOR FINANCIAL AWARENESS
DC METROPOLITAN CHAPTER
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Understanding Roth Conversions



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What is a Roth Conversion

Roth IRA conversion involves the transfer of retirement assets from a traditional, [simplified employee pension](#) (SEP), or [SIMPLE IRA](#), or from a [defined-contribution plan](#) such as a 401(k)/ 403 (b), into a [Roth IRA](#).

What are the Benefits of a Roth Conversion

1. Tax Free Growth
2. Tax Free Wealth Transfer (Exceptions could be Estate Tax, Federal and State Tax)
3. Could Reduce the Required Minimum Distribution
4. NO RMD's!!
5. Could reduce taxable income in retirement
6. Reduces Government Legislative Risk

What are the Rules to a Roth Conversion

1. No limit to how much you can convert.
2. You can do a Roth Conversion once a year per individual. No age limit to doing a conversion.
3. If under 59.5 must pay tax from another Source. (Consider regardless of age)
4. To receive tax free growth on any Roth you must own the Roth for 5yrs.
 - Each Conversion starts a new 5yr term.

How Do you Know if a Roth Conversion Makes sense for you?

Basic Roth IRA Check List:

- Convert in a lower bracket, or if it is of your opinion that the bracket you are in now is lower than you believe brackets will be in the future.
 - In other words, you think taxes will go up in the future.
- Ideally you will not need to use the converted monies for 10yrs or more
- Do you have enough money to pay the tax for the conversion from another source.
- The conversion could impact Medicare Part B Premiums .

To Clear Up Any Confusion:

The difference Between CONTRIBUTIONS to a Roth IRA, ROTH TSP, and a Roth Conversion are:

- The word CONTRIBUTION is the key difference between a Roth Conversion and CONTRIBUTIONS to a ROTH IRA and or a Roth TSP.
- A Roth Conversion is a TRANSFER from a TAXABLE account to a tax-free account. Conversions can be done at anytime.
 - It's not a Contribution. It's a Transfer

To Clear Up the Confusion

The difference between CONTRIBUTIONS to a ROTH IRA and a ROTH TSP:

	Roth TSP	Roth IRA	
Required Minimum Distributions	NO	No	Phase Out!!!!
Income Limitation for Contributions	No	YES	Single/Head of House Hold: \$146,000- \$161,000 Married Filing Joint: \$230,000 - \$240,000
Annual Maximum Contributions	\$23,000	\$7,000	
Catch Up Provision 50+	\$7,500	\$1,000	
Total Potential Annual Contribution	\$30,500	\$8,000	

Secure Act 2.0: Changes Related to the Roth

RMD

Catch Up

529 Plans

Secure Act 2.0 : RMD Changes

- **Increase in age for the beginning date of Required Minimum Distributions (RMD)**

- The required age for an RMD beginning date is increased under the following schedule for participants and spousal beneficiaries of a participant that died prior to reaching the RMD beginning date:

- Effective date: Calendar years after December 31, 2022

NO RMD's for ROTH TSP/401(k)

Age	Individuals impacted
73	an individual who attains age 72 after December 31, 2022, and age 73 before January 1, 2033
75	an individual who attains age 74 after December 31, 2032

Secure Act 2.0: Catch Up Changes:

Increased catch-up limits at age 60, 61, 62, and 63

- Increases age based catch-up limits to the greater of \$10,000 or 50 percent more than the regular age 50 catch-up amount in 2025 (as indexed for inflation) for participants who have reached ages 60, 61, 62 and 63.
- Effective date: Calendar years beginning after December 31, 2024
- Applicable plans: 401(k), 403(b), and governmental 457(b) but cannot be used in addition to 457(b) special catch-up

Age 50+ Catch-up contributions made only as Roth contributions for certain highly paid employees

- If a participant's wages subject to FICA in the previous year paid by the employer sponsoring the plan were more than \$145,000 (subject to annual cost of living adjustments in \$5,000 increments), the participant may only contribute the Age 50+ Catch-up as a Roth contribution.
- Effective date: Tax years after December 31, 2023

Secure Act 2.0: 529 Plans

(Limited) 529-to-Roth IRA Transfers Allowed After 15 Years

Beginning in 2024, for some individuals to may move 529 plan money directly into a Roth IRA. This new transfer pathway, created by Section 126 of SECURE Act 2.0, will be an intriguing option for some individuals, but it also comes with a number of conditions that must be satisfied for the transfer to be valid and that limit the ability to take advantage of (or abuse) the provision. The conditions include:

- The Roth IRA receiving the funds must be in the name of the beneficiary of the 529 plan;
- The 529 plan must have been maintained for 15 years or longer;
- Any contributions to the 529 plan within the last 5 years (and the earnings on those contributions) are ineligible to be moved to a Roth IRA;
- The annual limit for how much can be moved from a 529 plan to a Roth IRA is the IRA contribution limit for the year, less any 'regular' traditional IRA or Roth IRA contributions that are made for the year (in other words, no doubling up with funds from outside the 529 plan); and
- The maximum amount that can be moved from a 529 plan to a Roth IRA during an individual's lifetime is \$35,000.

Now Let's Look At The Steps On How to Verify If Roth Conversions 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

Gross Income -	\$107,0000
Gross 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 Projection

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

The Three-legged Retirement Income Stool:

- Social Security
- Traditional employer pension
- Individual savings & investments

Step #3: Compare and Analyze

Putting it all together – where do you stand?:
GAP (Less money in retirement than what your living on today), **SAME**, or **SURPLUS**
 (More income in retirement than you are living on today)

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

		Pension	\$25,000
		Social Security	\$25,000
	0% W/D	Tax Deferred Annuities	\$0
	0% W/D	Tax Free	\$0
	4% W/D	TSP/401(k)	\$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 Lower, Same, or Higher TAX BRACKET when you retire?

For the year Jan. 1–Dec. 31, 2023, or other tax year beginning _____, 2023, ending _____, 20

See separate instructions.

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. _____

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 _____

Presidential Election Campaign
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
 You Spouse

Filing Status Single Head of household (HOH)
 Married filing jointly (even if only one had income)
 Married filing separately (MFS) Qualifying surviving spouse (QSS)

Check only one box.

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: _____

Digital Assets At any time during 2023, 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

Standard Deduction **Someone can claim:** You as a dependent Your spouse as a dependent
 Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: Were born before January 2, 1959 Are blind **Spouse:** Was born before January 2, 1959 Is blind

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) Check the box if qualifies for (see instructions): Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

If more than four dependents, see instructions and check here

Income

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 29		1f
g Wages from Form 8919, line 6		1g
h Other earned income (see instructions)		1h
i Nontaxable combat pay election (see instructions)	1i	
z Add lines 1a through 1h		1z
2a Tax-exempt interest	2a	b Taxable interest
3a Qualified dividends	3a	b Ordinary dividends
4a IRA distributions	4a	b Taxable amount
5a Pensions and annuities	5a	b Taxable amount
6a Social security benefits	6a	b Taxable amount
c If you elect to use the lump-sum election method, check here (see instructions)	<input type="checkbox"/>	
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here	<input type="checkbox"/>	7
8 Additional income from Schedule 1, line 10		8
9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income		9
10 Adjustments to income from Schedule 1, line 26		10
11 Subtract line 10 from line 9. This is your adjusted gross income		11
12 Standard deduction or itemized deductions (from Schedule A)		12
13 Qualified business income deduction from Form 8995 or Form 8995-A		13
15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income		15

Taxable Income

Attach Sch. B if required.

Standard Deduction for—

- Single or Married filing separately, \$13,850
- Married filing jointly or Qualifying surviving spouse, \$27,700
- Head of household, \$13,850

Check the box under and deduct see instructions.

See what marginal tax bracket you fall into: Your Line 15: ~ 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 brackets 2023

Tax Rate	Single	Married filing jointly	Married filing separately	Head of household
10%	\$0 to \$11,000.	\$0 to \$22,000.	\$0 to \$11,000.	\$0 to \$15,700.
12%	\$11,001 to \$44,725.	\$22,001 to \$89,450.	\$11,001 to \$44,725.	\$15,701 to \$59,850.
22%	\$44,726 to \$95,375.	\$89,451 to \$190,750.	\$44,726 to \$95,375.	\$59,851 to \$95,350.
24%	\$95,376 to \$182,100.	\$190,751 to \$364,200.	\$95,376 to \$182,100.	\$95,351 to \$182,100.
32%	\$182,101 to \$231,250.	\$364,201 to \$462,500.	\$182,101 to \$231,250.	\$182,101 to \$231,250.
35%	\$231,251 to \$578,125.	\$462,501 to \$693,750.	\$231,251 to \$346,875.	\$231,251 to \$578,100.
37%	\$578,126 or more.	\$693,751 or more.	\$346,876 or more.	\$578,101 or more.

Step #3: Compare and Analyze

Putting it all together – where do you stand?:
GAP (*Less money in retirement than what you're living on today*), **SAME**, or **SURPLUS**
(More income in retirement than you are living on today)

Gross Income -	\$107,0000
Gross Income -	
TOTAL Gross Income	\$107,000
Less:	
TSP/401(k)	\$24,500
TSP/401(k)	\$6,500
Social Security	\$6,634
Savings	
Mortgage	
College	
Credit Cards	
Debts	\$6,500
Tax Equivalent	
Non/Qualified IRS	
Roth	
Total Payments	\$44,134
TARGET RETIREMENT INCOME:	\$ 62,866

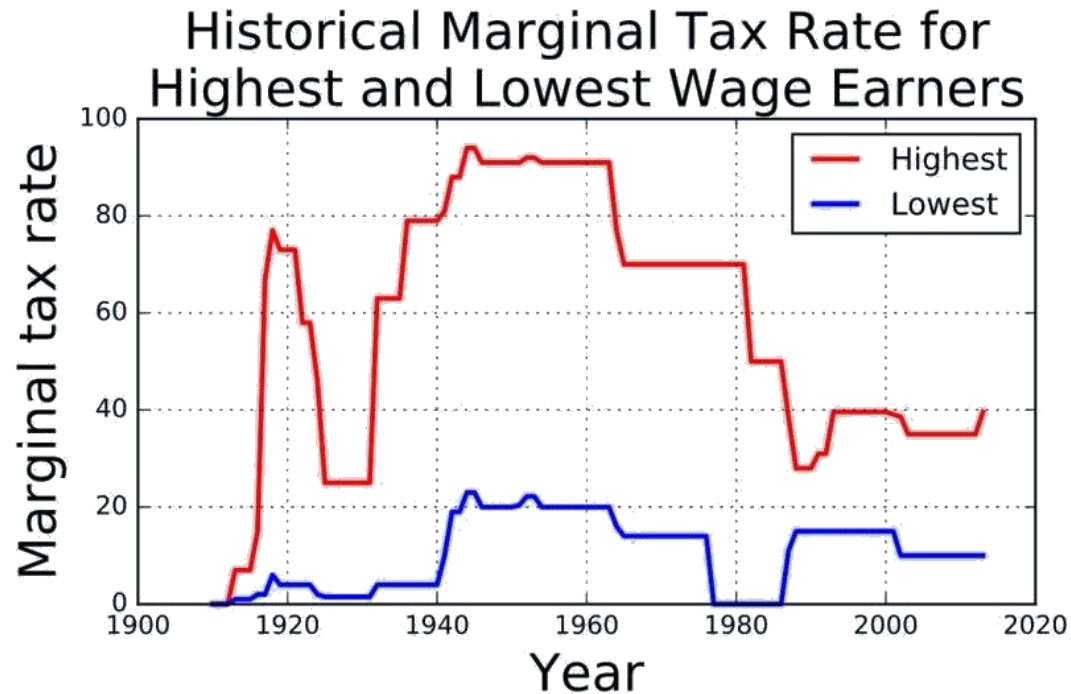
		Pension	\$25,000
		Social Security	\$25,000
	0% W/D	Tax Deferred Annuities	\$0
	0% W/D	Tax Free	\$0
	4% W/D	TSP/401(k)	\$12,500
		TOTAL	\$0
		Pension	\$0
		Social Security	\$0
	3% W/D	Tax Deferred	\$0
	3% W/D	Tax Free	\$0
	0% W/D	TSP/401(k)	\$0
		TOTAL	\$0
		W/D Rate from Cash Assets	\$0
		Total Income at year #2 =	\$62,500

Medicare B Coverage for 2024

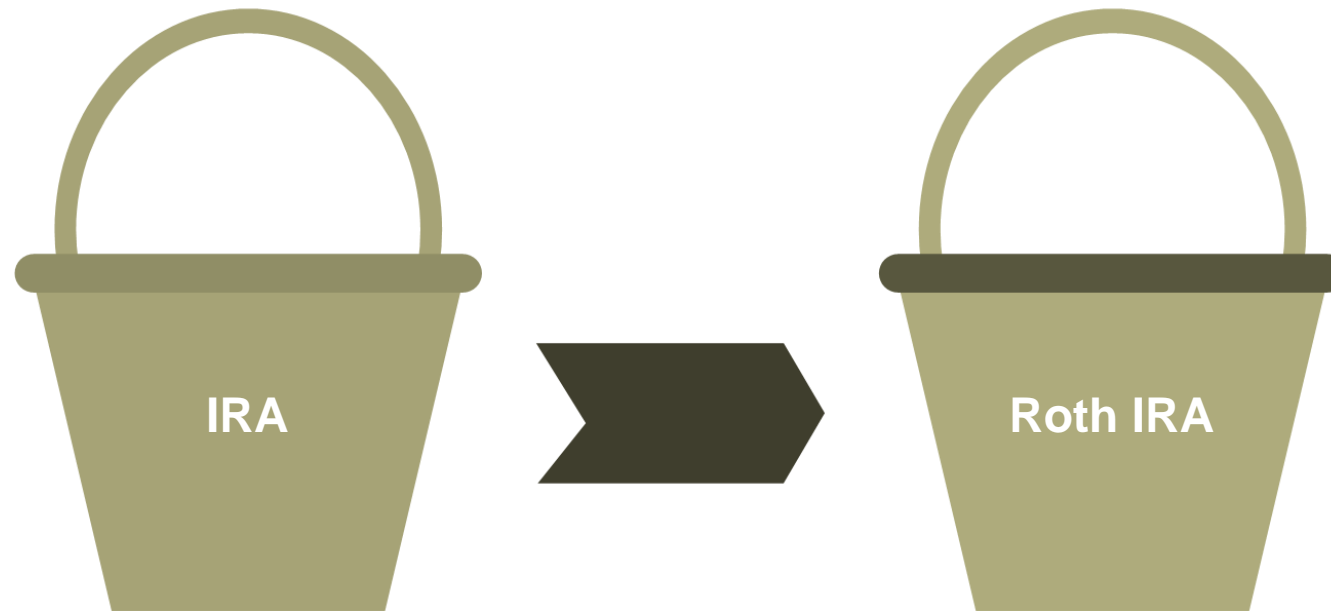
Beneficiaries who file individual tax returns with modified adjusted gross income:	Beneficiaries who file joint tax returns with modified adjusted gross income:	Income-Related Monthly Adjustment Amount	Total Monthly Premium Amount
Less than or equal to \$103,000	Less than or equal to \$206,000	\$0.00	\$174.70
Greater than \$103,000 and less than or equal to \$129,000	Greater than \$206,000 and less than or equal to \$258,000	\$69.90	\$244.60
Greater than \$129,000 and less than or equal to \$161,000	Greater than \$258,000 and less than or equal to \$322,000	\$174.70	\$349.40
Greater than \$161,000 and less than or equal to \$193,000	Greater than \$322,000 and less than or equal to \$386,000	\$279.50	\$454.20
Greater than \$193,000 and less than \$500,000	Greater than \$386,000 and less than \$750,000	\$384.30	\$559.00
Greater than or equal to \$500,000	Greater than or equal to \$750,000	\$419.30	\$594.00

WHERE do you think taxes will be in your future? Your opinion matters

Income tax rates



ROTH Conversion SOLUTIONS On a Financial Model



Converting a traditional IRA or qualified plan assets to a Roth IRA is a taxable event and could result in additional impacts on your personal tax situation, including a need for additional tax withholding or estimated tax payments, the loss of certain tax deductions and credits, and higher taxes on Social Security benefits and Medicare premiums. Please consult with a qualified tax advisor before making any decisions regarding your IRA. It is generally preferable that you have funds to pay the taxes due upon conversion from funds outside of your IRA or qualified plan. If you elect to take a distribution from your IRA or qualified plan to pay the conversion taxes, please keep in mind the potential consequences, such as an assessment of product surrender charges or additional IRS penalties for premature distributions.

Target Retirement Income

Show/Hide Target Retirement

Gross Income - Sue \$107,000

Gross Income - Bill \$0

\$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

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

0	2,360	0	0
Employee	Match	Add.	
Regular 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	
0	0	37,500	1,437,920
			2.7% 0
			5% 0
		25,000	5% 26.250

Sue Retire

Total Income		\$107,000		0	0	0	0	
Additional Information		Employee	Match	Add.				
Sue 62-70					Regular Savings	CD's	College Savings	Rate Future Value
Bill 62-70					Savings 101,000			1% 109,369
Retirement Income Projections								1% 0
Sue	COLA 0%	Pension	\$18,836					1% 0
	WD 0%	Social Security	\$0		Tax Deferred	Roth	401k & IRA	
	0% 0%	Tax Deferred	\$0				IRA 578,760	4% 0
	0% 0%	Roth	\$0			roth 68,640	TSP 347,880	4% 93,939
	3% 0%	401k & IRA	\$31,506					4% 966,258
		TOTAL	\$50,342					
Bill	COLA 0%	Pension	\$0		Tax Deferred	Roth	IRA	4% 0
	WD 0%	Social Security	\$0					4% 31,313
	0% 0%	Tax Deferred	\$0			roth 22,880		4% 314,061
	0% 0%	Roth	\$0				IRA 318,760	
	4% 0%	IRA	\$12,750					
		TOTAL	\$12,750					
0% W/D Rate from Cash Assets		\$0		0				
		\$0						
Total Income at year # 8 =		\$63,092						
0.0%	Target Retirement Income	\$62,866						
				Government Bonds	Corporate Bonds	BoA Trust	Rate Future Value	
						26,250	5% 0	
							5% 0	
							5% 28,792	

RMD & SS

Total Income		\$107,000		0	0	0	0	
Additional Information		Employee	Match	Add.				
Sue 70-100					Regular Savings	CD's	College Savings	Rate Future Value
Bill 70-100					Savings 109,369			1% 147,412
Retirement Income Projections								1% 0
Sue	COLA 0%	Pension	\$18,836					1% 0
	WD 0%	Social Security	\$32,000		Tax Deferred	Roth	401k & IRA	
	0%	Tax Deferred	\$0				IRA 603,504	4% 0
	0%	Roth	\$0			roth 93,939	TSP 362,753	4% 304,680
	4%	401k & IRA	\$38,650					4% 879,550
		TOTAL	\$89,486					
Bill	COLA 0%	Pension	\$0		Tax Deferred	Roth	IRA	
	WD 0%	Social Security	\$32,000					4% 0
	0%	Tax Deferred	\$0					4% 101,560
	0%	Roth	\$0			roth 31,313		4% 285,878
	4%	IRA	\$12,562				IRA 314,061	
		TOTAL	\$44,562					
0% W/D Rate from Cash Assets		\$0		0	0	0		
		\$0					Savings Type Assets Total	1,719,080
Total Income at year # 30 =		\$134,049					38,783	5% 0
0.0% Target Retirement Income		\$62,866						5% 0
								5% 167,610

Tax brackets 2023

Tax Rate	Single	Married filing jointly	Married filing separately	Head of household
10%	\$0 to \$11,000.	\$0 to \$22,000.	\$0 to \$11,000.	\$0 to \$15,700.
12%	\$11,001 to \$44,725.	\$22,001 to \$89,450.	\$11,001 to \$44,725.	\$15,701 to \$59,850.
22%	\$44,726 to \$95,375.	\$89,451 to \$190,750.	\$44,726 to \$95,375.	\$59,851 to \$95,350.
24%	\$95,376 to \$182,100.	\$190,751 to \$364,200.	\$95,376 to \$182,100.	\$95,351 to \$182,100.
32%	\$182,101 to \$231,250.	\$364,201 to \$462,500.	\$182,101 to \$231,250.	\$182,101 to \$231,250.
35%	\$231,251 to \$578,125.	\$462,501 to \$693,750.	\$231,251 to \$346,875.	\$231,251 to \$578,100.
37%	\$578,126 or more.	\$693,751 or more.	\$346,876 or more.	\$578,101 or more.

Sue Retire

Total Income		\$107,000		0	0	0	0			
Additional Information		Employee	Match	Add.						
Sue 62-70										
Bill 62-70										
Retirement Income Projections										
Sue	COLA	0%	Pension	\$18,836	Regular Savings	CD's	College Savings	Rate	Future Value	
	WD	0%	Social Security	\$0	Savings 101,000			1%	109,369	
		0%	Tax Deferred	\$0				1%	0	
		0%	Roth	\$0				1%	0	
		3%	401k & IRA	\$31,506						
			TOTAL	\$50,342	Tax Deferred	Roth	401k & IRA			
Bill	COLA	0%	Pension	\$0			IRA	578,760	4%	0
	WD	0%	Social Security	\$0					4%	93,939
		0%	Tax Deferred	\$0					4%	966,258
		0%	Roth	\$0		roth	68,640			
		4%	IRA	\$12,750				TSP	347,880	
			TOTAL	\$12,750	Tax Deferred	Roth	IRA			
0% W/D Rate from Cash Assets		\$0		0				4%	0	
		\$0						4%	31,313	
		\$0						4%	314,061	
Total Income at year # 8 =		\$63,092						IRA	318,760	
0.0%	Target Retirement Income	\$62,866								
					Government Bonds	Corporate Bonds	BoA Trust	Rate	Future Value	
							26,250	5%	0	
								5%	0	
								5%	28,792	

Medicare B Coverage for 2024

Beneficiaries who file individual tax returns with modified adjusted gross income:	Beneficiaries who file joint tax returns with modified adjusted gross income:	Income-Related Monthly Adjustment Amount	Total Monthly Premium Amount
Less than or equal to \$103,000	Less than or equal to \$206,000	\$0.00	\$174.70
Greater than \$103,000 and less than or equal to \$129,000	Greater than \$206,000 and less than or equal to \$258,000	\$69.90	\$244.60
Greater than \$129,000 and less than or equal to \$161,000	Greater than \$258,000 and less than or equal to \$322,000	\$174.70	\$349.40
Greater than \$161,000 and less than or equal to \$193,000	Greater than \$322,000 and less than or equal to \$386,000	\$279.50	\$454.20
Greater than \$193,000 and less than \$500,000	Greater than \$386,000 and less than \$750,000	\$384.30	\$559.00
Greater than or equal to \$500,000	Greater than or equal to \$750,000	\$419.30	\$594.00

RMD & SS

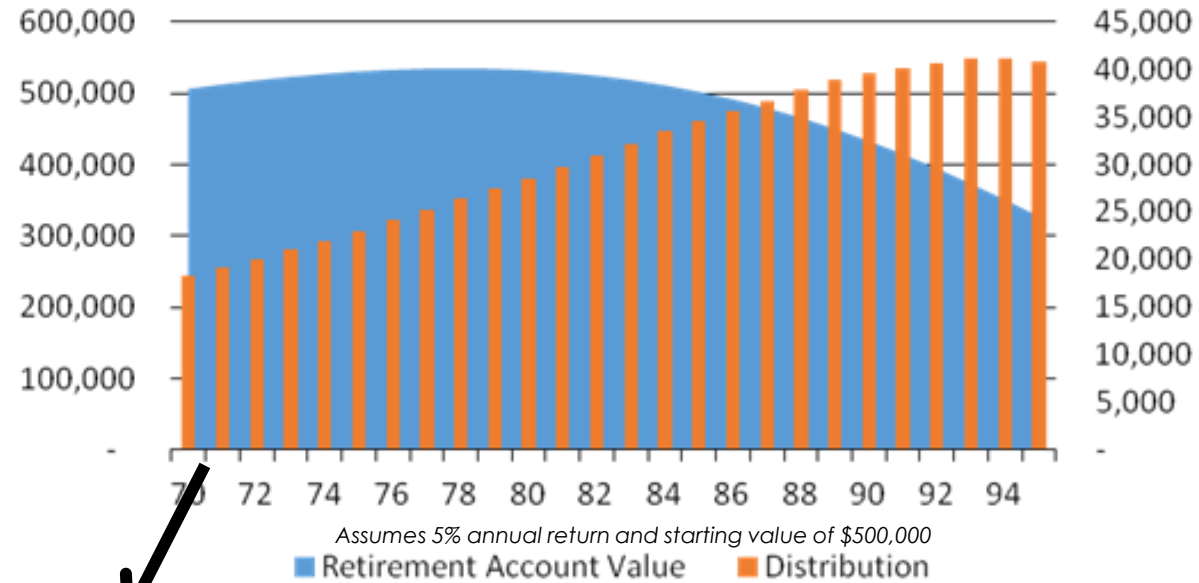
Total Income		\$107,000			0	0	0	0	
Additional Information		Employee	Match	Add.	Regular Savings	CD's	College Savings	Rate	Future Value
Sue 70-100					Savings 109,369			1%	147,412
Bill 70-100								1%	0
Retirement Income Projections								1%	0
Sue	COLA 0%	Pension	\$18,836		Tax Deferred	Roth	401k & IRA		
	WD 0%	Social Security	\$32,000				IRA 603,504	4%	0
	0%	Tax Deferred	\$0					4%	304,680
	0%	Roth	\$0			roth 93,939		4%	879,550
	4%	401k & IRA	\$38,650				TSP 362,753		
	TOTAL	\$89,486							
Bill	COLA 0%	Pension	\$0		Tax Deferred	Roth	IRA		
	WD 0%	Social Security	\$32,000					4%	0
	0%	Tax Deferred	\$0					4%	101,560
	0%	Roth	\$0			roth 31,313		4%	285,878
	4%	IRA	\$12,562				IRA 314,061		
	TOTAL	\$44,562							
0%	W/D Rate from Cash Assets	\$0		0	0	0			
		\$0							
Total Income at year # 30 =		\$134,049			Savings Type Assets Total 1,719,080				
0.0%	Target Retirement Income	\$62,866						5%	0
							38,783	5%	0

What tax bracket does it fall into?

Tax brackets 2023

Tax Rate	Single	Married filing jointly	Married filing separately	Head of household
10%	\$0 to \$11,000.	\$0 to \$22,000.	\$0 to \$11,000.	\$0 to \$15,700.
12%	\$11,001 to \$44,725.	\$22,001 to \$89,450.	\$11,001 to \$44,725.	\$15,701 to \$59,850.
22%	\$44,726 to \$95,375.	\$89,451 to \$190,750.	\$44,726 to \$95,375.	\$59,851 to \$95,350.
24%	\$95,376 to \$182,100.	\$190,751 to \$364,200.	\$95,376 to \$182,100.	\$95,351 to \$182,100.
32%	\$182,101 to \$231,250.	\$364,201 to \$462,500.	\$182,101 to \$231,250.	\$182,101 to \$231,250.
35%	\$231,251 to \$578,125.	\$462,501 to \$693,750.	\$231,251 to \$346,875.	\$231,251 to \$578,100.
37%	\$578,126 or more.	\$693,751 or more.	\$346,876 or more.	\$578,101 or more.

Effect of RMDs



AGE 70 ½...72...73

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
	Roth 105,668	TSP 408,048
Bill		
Tax Deferred	Tax Free	Tax Deductible
	Roth 43,228	IRA 353,275

4%	0	
4%	205,831	
4%	316,718	
4%	0	
4%	84,204	
4%	339,881	
Savings Type Assets Total		1,080,083

0	0	0
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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

Beginning Balance

\$945,000

Gross Level ROR

5.00

Fee % of AUM

0.00

High Random Gross ROR

50.00

Inflation %

0.00

Lock Random RORs

Low Random Gross ROR

(40.00)

Annual Additions or Withdrawals

(\$116,554)

of Years

10

Avg. Inv. Tax Rate %

26.00

Level RORs

Manually-Typed or Pasted RORs

Random Fixed RORs

Random Var. RORs

LOC Rate of Return:

Not Included

Recalculate Random Var. RORs (or use F9)

Ord. Inc. Tax Rate%

0.00

Federal + State

Taxable % of Gain

100.00

Basis & Turnover

Reset

Year	Beginning Balance	Gross ROR	Gain or Loss	0.00% Fees	0.00% Taxes	Total Tax & Fees + LOC	Net Gain or Loss	Gross Addition or Withdrawal	Ending Balance Before Deferred Tax	Effective ROR Before Deferred Tax	Deferred Tax
1	828,446	5.00	41,422	0	0	0	41,422	116,554	869,868	5.00	0
2	753,314	5.00	37,666	0	0	0	37,666	116,554	790,980	5.00	0
3	674,426	5.00	33,721	0	0	0	33,721	116,554	708,147	5.00	0
4	591,593	5.00	29,580	0	0	0	29,580	116,554	621,173	5.00	0
5	504,619	5.00	25,231	0	0	0	25,231	116,554	529,850	5.00	0
6	413,296	5.00	20,665	0	0	0	20,665	116,554	433,961	5.00	0
7	317,407	5.00	15,870	0	0	0	15,870	116,554	333,277	5.00	0
8	216,723	5.00	10,836	0	0	0	10,836	116,554	227,559	5.00	0
9	111,005	5.00	5,550	0	0	0	5,550	116,554	116,555	5.00	0
10	1	5.00	0	0	0	0	0	116,554	2	5.00	0
Totals	1	5.00	220,542	0	0	0	220,542	1,165,540	2	5.00	0

Tax Shelter

- Surplus or Gap
- Lower/Highs Brackets
- RMD's Social Security = Reinvestment?
- Roth IRA/Shadow Provision
- Where can you Re-Invest Money in Retirement with Tax Free Growth?



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