

Sample's Tax Analysis

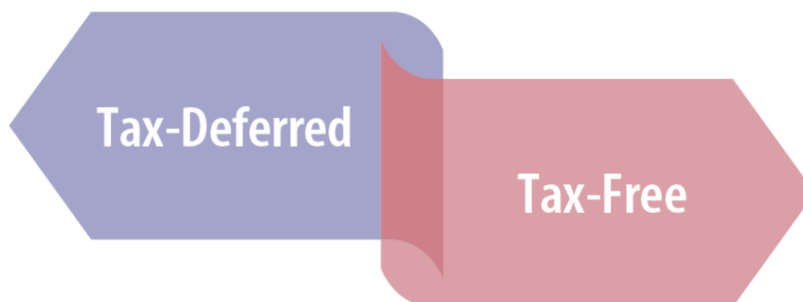


Approaches for Qualified Accounts

Many savers use a tax-deferred account, like a traditional IRA or 401(K), to save funds for retirement. Tax-deferred accounts, sometimes called Qualified Accounts, are funded with pre-tax dollars. These types of accounts accumulate funds tax-deferred, meaning taxes are owed on the funds when they are distributed, not contributed.

With an existing qualified account, there are two potential ways to manage your account and the tax status of your savings:

- You can keep the account as is and accumulate funds tax-deferred
- You can reallocate your account to a tax-free vehicle¹ and accumulate funds tax-free



The following pages will show the amount of taxes your account could potentially generate under two scenarios. These examples are hypothetical and do not represent actual market experience. Your results may vary. Please note this report is not intended to provide tax advice. Please consult a qualified professional about your individual needs.

¹ Examples of tax-free accounts include Roth IRAs and Roth 401(k) accounts. Roth accounts use post-tax dollars; withdrawals of principal and interest are distributed tax-free. Although qualified withdrawals from a Roth IRA are tax free, when converting a Traditional IRA into a Roth IRA, the entire converted taxable amount is reportable as income in the year of conversion. | This report is © 2023 Stonewood Financial

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Potential Tax Impact

Analysis Assumptions

Current Qualified Account Value	\$500,000
Assumed Tax Liability	25%
Assumed Account Growth Rate	5%

The values below show two scenarios:

1. The total taxes paid if you live to age 90, assuming you continue to keep your tax-deferred account, take Required Minimum Distributions (RMDs)¹ when required, and reinvest these RMDs in a taxable account and the amount your beneficiaries could potentially pay
2. The total taxes paid if you live to age 90, assuming you reallocate your qualified account to a tax-free option today²

Keep Qualified Account		Reallocate to Tax-Free	
Total taxes paid on RMDs at time of withdrawals	\$187,331	Taxes paid on reallocation	\$125,000
Taxes paid on reinvested RMDs	\$86,828	Taxes paid on tax-free account growth	\$0
Taxes paid on remaining account value at death	\$161,373	Taxes paid on remaining tax-free account value at death:	\$0
TOTAL TAXES PAID:	\$435,532	TOTAL TAXES PAID:	\$125,000

These materials are for informational purposes only and are not intended to provide tax, accounting or investment advice. Be sure to consult qualified professionals about your individual situation.

This hypothetical example does not consider every product or feature of tax-deferred accounts, tax-free accounts, or Roth accounts and is for illustrative purposes only. It should not be deemed a representation of past or future results, and is no guarantee of return or future performance. Your tax bracket may be lower or higher in retirement, unlike this hypothetical example.

¹Required Minimum Distributions are a scheduled amount of money the IRS requires account holders to withdraw from their qualified accounts each year beginning at age 72. RMD calculation data gathered from Stonewood RMD calculation software based on IRS guidelines and tables, and is hypothetical only. Your actual RMDs are determined by a variety of factors.

²Tax-free accounts, like Roth IRAs and 401(k)s, have specific sets of rules and limitations. Please consult a qualified professional about your individual situation. This report is not intended to be a complete discussion of any qualified or tax-free account or approach.

Year-by-Year Qualified Account Analysis Data

Age	RMD Factor	RMD	After Tax RMD	Remaining IRA Acct. Value	Taxable acct. value for after-tax RMDs
65	0	\$0.00	\$0.00	\$525,000.00	\$0.00
66	0	\$0.00	\$0.00	\$551,250.00	\$0.00
67	0	\$0.00	\$0.00	\$578,812.50	\$0.00
68	0	\$0.00	\$0.00	\$607,753.13	\$0.00
69	0	\$0.00	\$0.00	\$638,140.78	\$0.00
70	0	\$0.00	\$0.00	\$670,047.82	\$0.00
71	0	\$0.00	\$0.00	\$703,550.21	\$0.00
72	27.40	\$25,677.02	\$19,257.76	\$713,050.70	\$19,257.76
73	26.50	\$26,907.57	\$20,180.68	\$721,795.67	\$40,160.61
74	25.50	\$28,305.71	\$21,229.28	\$729,579.74	\$62,895.91
75	24.60	\$29,657.71	\$22,243.28	\$736,401.02	\$87,497.79
76	23.70	\$31,071.77	\$23,303.83	\$742,149.30	\$114,082.79
77	22.90	\$32,408.27	\$24,306.20	\$746,848.49	\$142,667.09
78	22.00	\$33,947.66	\$25,460.75	\$750,243.26	\$173,477.86
79	21.10	\$35,556.55	\$26,667.41	\$752,198.87	\$206,650.69
80	20.20	\$37,237.57	\$27,928.18	\$752,571.24	\$242,328.27
81	19.40	\$38,792.33	\$29,094.25	\$751,407.48	\$280,509.83
82	18.50	\$40,616.62	\$30,462.47	\$748,361.23	\$321,491.42
83	17.70	\$42,280.30	\$31,710.23	\$743,498.99	\$365,257.58
84	16.80	\$44,255.89	\$33,191.92	\$736,418.05	\$412,146.66
85	16.00	\$46,026.13	\$34,519.60	\$727,212.82	\$462,121.76
86	15.20	\$47,842.95	\$35,882.21	\$715,730.52	\$515,333.54
87	14.40	\$49,703.51	\$37,277.63	\$701,813.53	\$571,936.18
88	13.70	\$51,227.27	\$38,420.45	\$685,676.94	\$631,804.24
89	12.90	\$53,153.25	\$39,864.94	\$666,807.53	\$695,361.84
90	12.20	\$54,656.36	\$40,992.27	\$645,491.55	\$762,430.18

Disclosures

These disclosures apply to this presentation in its entirety.

Determining when (or if) you should convert to a Roth IRA is an individual decision based on factors such as your financial situation, age, tax bracket, current assets and alternate sources of retirement income. Your unique circumstances help determine what's right for you.

The information contained herein is based on our understanding of current tax law. The tax and legislative information may be subject to change and different interpretations. We recommend that you seek professional legal advice for applicability to your personal situation.

This is not a complete list of features and benefit of a qualified account and Required Minimum Distributions (RMDs) at the age of 72. This information is provided for informational purposes only and should not be considered investment advice for individuals or advice on withdrawing funds from your qualified account.

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