

Qualified Account & Tax Analysis

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Approaches for Qualified Accounts



Many savers choose a qualified account¹ to save funds for retirement.

In 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 convert your account to a Roth IRA and accumulate funds **tax-free**



The following pages will show how your account could potentially perform under these situations. These examples are hypothetical only and are not intended to predict future market conditions or experience. Please note this report is not intended to provide tax, legal or investment advice. Be sure to consult a qualified professional in these areas about your individual needs

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² This is not a complete list of features and benefit of a qualified account and RMDs. This information is provided for informational purposes only and should this be consider investment advice or advice on withdrawing funds from your qualified account.

Economic Assumptions



We want to show you how your approach could perform in a given economic scenario.

The values below are based on what we believe are reasonable forward-looking assumptions. ¹

Existing Strategy Assumptions

Age of Account Holder	60	
Current Account Value	\$750,000	
Annual Pre-Tax Earnings Rate <small>Based on 60/40 split of equities and fixed income, with equities earning 8% fixed income earning 3%</small>	6%	
Assumed Account Expenses	1%	
Assumed Tax Liability	Years 1+	20%
	At Death	20%

Conversion¹ Assumptions

Conversion Period (Years)	5
Assumed Additional Tax Rate During Conversion Years	+0.00%

¹ For the purpose of this report, the tax-free vehicle is assumed to be a Roth IRA.

Tax-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.

This hypothetical example does not consider every product or feature of tax-deferred 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. This material is not intended to provide tax, legal or investment advice. Please consult a qualified professional about your individual situation. These assumptions are hypothetical only and are not intended to predict future market conditions or experience.

Potential Tax Impact¹

Current Pre-Tax Qualified Account \$750,000



The values below show two scenarios:

- (1) The total taxes paid if you live to age 90, assuming you continue to keep your qualified account, take RMDs when required, and reinvest these RMDs in a taxable account
- (2) The total taxes paid if you live to age 90, assuming you roll over your qualified account to a tax-free account today, accounting for additional taxes during a conversion period.

Keep Qualified Account		Re-allocate to Tax-Free	
Total taxes paid on RMDs at time of withdrawals	\$285,704	Taxes paid on conversion	\$150,000
Taxes paid on reinvested RMDs ²	\$108,024	Taxes paid on account growth	\$0
Taxes paid on remaining account value at death	\$275,894	Taxes paid on remaining account value at death:	\$0
TOTAL TAXES PAID:	\$669,622		\$150,000

*For the purpose of this report, the tax-free vehicle is assumed to be a Roth IRA.

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² 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.

The following page shows multiple numerical values for your required minimum distributions (RMDs), based on the assumptions detailed on the previous page: How your RMDs are calculated; The annual remaining balances in your IRA after RMDs have been withdrawn; How much of the RMD you could keep after paying taxes; and Potential cash available if after-tax RMD amounts are reinvested per assumptions on the previous page.

Data: Qualified Account Analysis

Year	Age	RMD Factor	RMD	After Tax RMD	Remaining IRA Value	Taxable Acct. Value for after-tax RMDs	Total Tax Burden (Assuming Current Year Death)
1	60	0	\$0	\$0	\$787,500	\$0	\$157,500
2	61	0	\$0	\$0	\$826,875	\$0	\$165,375
3	62	0	\$0	\$0	\$868,218	\$0	\$173,643
4	63	0	\$0	\$0	\$911,628	\$0	\$182,325
5	64	0	\$0	\$0	\$957,209	\$0	\$191,441
6	65	0	\$0	\$0	\$1,005,069	\$0	\$201,013
7	66	0	\$0	\$0	\$1,055,322	\$0	\$211,064
8	67	0	\$0	\$0	\$1,108,088	\$0	\$221,617
9	68	0	\$0	\$0	\$1,163,492	\$0	\$232,698
10	69	0	\$0	\$0	\$1,221,666	\$0	\$244,333
11	70	0	\$0	\$0	\$1,282,749	\$0	\$256,549
12	71	0	\$0	\$0	\$1,346,886	\$0	\$269,377
13	72	0	\$0	\$0	\$1,414,230	\$0	\$282,846
14	73	26.5	\$0	\$0	\$1,484,941	\$0	\$296,988
15	74	25.5	\$0	\$0	\$1,559,188	\$0	\$311,837
16	75	24.6	\$63,381	\$50,705	\$1,573,765	\$50,705	\$327,429
17	76	23.7	\$66,404	\$53,122	\$1,586,049	\$105,753	\$343,774
18	77	22.9	\$69,260	\$55,407	\$1,596,091	\$165,178	\$360,904
19	78	22	\$72,550	\$58,039	\$1,603,345	\$229,493	\$378,847
20	79	21.1	\$75,988	\$60,790	\$1,607,524	\$299,003	\$397,632
21	80	20.2	\$79,580	\$63,664	\$1,608,319	\$374,029	\$417,295
22	81	19.4	\$82,903	\$66,322	\$1,605,831	\$454,564	\$437,867
23	82	18.5	\$86,802	\$69,441	\$1,599,320	\$541,278	\$459,379
24	83	17.7	\$90,357	\$72,285	\$1,588,928	\$634,131	\$481,867
25	84	16.8	\$94,579	\$75,663	\$1,573,795	\$733,890	\$505,366
26	85	16	\$98,362	\$78,689	\$1,554,122	\$840,466	\$529,910
27	86	15.2	\$102,245	\$81,795	\$1,529,583	\$954,198	\$555,536
28	87	14.4	\$106,221	\$84,976	\$1,499,841	\$1,075,433	\$582,283
29	88	13.7	\$109,477	\$87,581	\$1,465,355	\$1,203,880	\$610,187
30	89	12.9	\$113,593	\$90,874	\$1,425,029	\$1,340,501	\$639,286
31	90	12.2	\$116,806	\$93,444	\$1,379,474	\$1,484,884	\$669,622

Data: Cumulative Taxes

Age	Taxes Paid on RMD	Cumulative RMD Taxes	Taxes on Remaining IRA upon death	Taxes on Taxable Acct.	Cumulative Taxable Acct. Taxes	Total Tax Burden (Assuming Current Year Death)
60	\$0	\$0	\$157,500	\$0	\$0	\$157,500
61	\$0	\$0	\$165,375	\$0	\$0	\$165,375
62	\$0	\$0	\$173,643	\$0	\$0	\$173,643
63	\$0	\$0	\$182,325	\$0	\$0	\$182,325
64	\$0	\$0	\$191,441	\$0	\$0	\$191,441
65	\$0	\$0	\$201,013	\$0	\$0	\$201,013
66	\$0	\$0	\$211,064	\$0	\$0	\$211,064
67	\$0	\$0	\$221,617	\$0	\$0	\$221,617
68	\$0	\$0	\$232,698	\$0	\$0	\$232,698
69	\$0	\$0	\$244,333	\$0	\$0	\$244,333
70	\$0	\$0	\$256,549	\$0	\$0	\$256,549
71	\$0	\$0	\$269,377	\$0	\$0	\$269,377
72	\$0	\$0	\$282,846	\$0	\$0	\$282,846
73	\$0	\$0	\$296,988	\$0	\$0	\$296,988
74	\$0	\$0	\$311,837	\$0	\$0	\$311,837
75	\$12,676	\$12,676	\$314,753	\$0	\$0	\$327,429
76	\$13,281	\$25,957	\$317,209	\$608	\$608	\$343,774
77	\$13,852	\$39,809	\$319,218	\$1,269	\$1,877	\$360,904
78	\$14,510	\$54,319	\$320,669	\$1,982	\$3,859	\$378,847
79	\$15,197	\$69,516	\$321,504	\$2,753	\$6,612	\$397,632
80	\$15,916	\$85,432	\$321,663	\$3,588	\$10,200	\$417,295
81	\$16,581	\$102,013	\$321,166	\$4,488	\$14,688	\$437,867
82	\$17,360	\$119,373	\$319,864	\$5,454	\$20,142	\$459,379
83	\$18,072	\$137,445	\$317,785	\$6,495	\$26,637	\$481,867
84	\$18,916	\$156,361	\$314,759	\$7,609	\$34,246	\$505,366
85	\$19,673	\$176,034	\$310,824	\$8,806	\$43,052	\$529,910
86	\$20,449	\$196,483	\$305,916	\$10,085	\$53,137	\$555,536
87	\$21,245	\$217,728	\$299,968	\$11,450	\$64,587	\$582,283
88	\$21,896	\$239,624	\$293,071	\$12,905	\$77,492	\$610,187
89	\$22,719	\$262,343	\$285,005	\$14,446	\$91,938	\$639,286
90	\$23,361	\$285,704	\$275,894	\$16,086	\$108,024	\$669,622

Disclosures

These disclosures apply to this presentation in its entirety.

This report reflects the potential difference in income that can be derived from financial options with varying tax treatments.

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