

# **Alternative Retirement and Estate Planning Strategies since the Elimination of the Stretch IRA**

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*In 2019, US Congress passed the SECURE Act with the intent of helping taxpayers save for retirement. This Act included a change to the Internal Revenue Code Section 401, which eliminated the Stretch IRA by capping the number of years for distributions from inherited IRAs. The new regulations state that if the inherited IRA has a non-spouse beneficiary the distributions cannot exceed ten years, which drastically reduces the ability to use the IRA to transfer, and extend, wealth to one's heirs while minimizing taxes.*

*This study examines the impact of the passage of IRC Section 401 on those actively planning to utilize a Stretch IRA for their retirement and estate planning. Specifically, alternative scenarios are presented as the authors compare the future value of IRA accounts under the old regulations to values under the new regulations. The results indicate that individuals wanting to their leave retirement accounts to heirs should consider converting accounts to a Roth IRA as Roth IRA conversion is the optimal outcome for multigenerational wealth transfer.*

*Keywords: Stretch IRA, Roth IRA, Inherited IRA, SECURE Act, IRA distributions*

## **INTRODUCTION AND RECENT LITERATURE**

In 2008, it was suggested that the Internal Revenue Service (IRS) deserved a “standing ovation for creating a tax-saving and wealth-creation” strategy that held the possibility of continued growth through future generations (Blackman 2008). It was known as the “Stretch IRA”. Under the Stretch IRA rules, to leave a legacy for future generations, taxpayers were allowed to designate their grandchildren or great grandchildren as the beneficiaries of their IRA. Since distribution size was based on the amount in the account and the beneficiary’s life expectancy (based on the IRS life expectancy tables), the younger the beneficiary, the smaller the required minimum distribution and potentially, the smaller the tax burden.

Individual Retirement Accounts (IRAs) provide tax advantages for retirees, and contributions can be made to IRAs each year up to the maximum the Internal Revenue Service allows. There are several different

types of IRAs, including the traditional IRA and the Roth IRA. The traditional IRA contributions are normally tax-deductible but are taxed as income when distributed upon retirement. The Roth IRA contributions are not tax-deductible, but the distributions are normally tax-free. The Stretch IRA is not really a type of IRA, but a wealth transfer method used to extend the time for required minimum distributions (RMDs) to non-spousal beneficiaries of the IRA. This strategy not only allowed the IRA to continue to grow tax free for many years, but also had the added benefit of potentially reducing the overall tax burden for any beneficiary.

Most employees' most valuable assets are their qualified retirement plans and IRAs (Giarmarco, 2018). The owner of an IRA normally designates a beneficiary to inherit the IRA upon his/her death. Before the "Stretch IRA" rules were implemented, the named beneficiary was generally the spouse for married owners of IRAs. The surviving spouse had the option to "roll over" the IRA into his/her own account and distributions continued as mandated by the IRS. If the surviving spouse had children, they would normally be next to inherit the IRA. Once any children inherited the IRA, the maximum years of deferral depended on their age at the time of the IRA inheritance. The children would have most likely named their children (the original IRA owner's grandchildren) as beneficiary. If the children passed away before the end of the maximum deferral period, the grandchildren inherited both the IRA and the maximum deferral period. In other words, the grandchildren were not able to inherit the IRA and set the maximum deferral period based on their life expectancy. Instead, the grandchildren inherited their parent's maximum deferral period. The Stretch IRA rules allowed the IRA owner to designate his/her children and/or grandchildren as named beneficiaries thereby circumventing the limited mandated deferral period and allowing the IRA to grow tax-free well into the future.

In an example provided by LaBrecque (2019), if a 25-year-old inherited a \$1 million IRA from her grandmother, using the IRS life expectancy tables, the granddaughter would use 57.2 years as the required distribution period for the inherited IRA. Consequently, the required distribution would be \$17,482 per year or \$1M/57.2 years. If the granddaughter is in the lower tax bracket, she would pay approximately \$548 in federal income taxes and about \$6,468 if in the highest tax bracket. Depending on the inherited IRA's return level, it could keep growing for most of the granddaughter's expected life.

Additionally, under the old Stretch IRA rules, taxpayers had the option of setting up certain trusts which could qualify as a Stretch IRA. Naming a trust as the IRA beneficiary allowed for after death control over the IRA distributions and the minimization of taxes. For example, an individual with a substantial IRA might name a trust for a grandchild. This would have allowed the required minimum distributions to spread over many years while maintaining control over the dollars. In one ruling, the IRS allowed an IRA owner to benefit multiple beneficiaries, each using their own life expectancy payout (Caudill 2006). Consequently, the Stretch IRA benefited young heirs of large IRA accounts most.

Unfortunately, the Stretch IRA wealth transfer method ended on December 20, 2019, with the signing of the "Setting Every Community Up for Retirement Enhancement Act", better known as the SECURE Act. The SECURE Act eliminated the IRA distribution loophole and set a mandatory 10-year limit on emptying the inherited IRA account. In other words, no annual required minimum distributions are under the new rule. But the account must simply be emptied by the 10th year after the IRA owner's death.

One of the intentions of the SECURE Act is to better prepare taxpayers to actively save for retirement as many individuals are not financially ready for this phase of their lives (Seamon 2021). In an opinion piece in *The Hill*, Senator Robert Portman of Ohio acknowledged that "as a country we are not saving enough for retirement" and that a 2019 report issued by the Government Accountability Office (GAO) found that nearly half of all individuals over age 55 do not have private retirement savings (Portman 2019). According to Slott (2020), Congress determined that IRAs and other tax-favored retirement accounts should be used for retirement purposes and not to enrich future heirs. Under the SECURE act, if the IRA is a traditional IRA, it will be taxed at the beneficiary's income tax rate. If it is a Roth IRA, it will not be taxed. It is important to note that the SECURE Act only applies to stretch IRA accounts whose owners die after December 31, 2019. Consequently, the inherited Stretch IRAs before the SECURE Act was implemented continue under the old rules.

Sheedy (2020) points out that although the SECURE Act eliminated the Stretch IRA for many non-spouse heirs, it created the “eligible designated beneficiary”. An “eligible designated beneficiary” can use the old Stretch IRA rules. However, they must be either a spouse, minor, disabled, chronically ill or not more than 10 years younger than the IRA owner (Sheedy 2020). Only minors who are the children of the deceased IRA owner are considered to be an eligible designated beneficiary. However, once they reach the age in which they are considered an adult, based on the state in which they live, the mandatory 10-year limit goes into effect.

Those impacted by the elimination of the Stretch IRA planned to leave the savings they had accumulated in IRAs to their children and/or grandchildren. The new rules essentially speed up tax collection and may also push the beneficiaries into a higher tax bracket. For example, an adult child who inherits a \$1 million traditional IRA would most likely benefit from withdrawing each year over the new 10-year limit. Taking a withdrawal each year would create a lower tax burden than taking a lump sum payment of \$1 million. However, spreading out the withdrawals provides more time for the IRA to grow, ultimately forcing the new owner to take larger withdrawals in the future and potentially pushing this individual into a higher tax bracket. While no longer an option as originally designed, some alternatives to the stretch IRA include Roth conversions, life insurance, and charitable remainder trusts (Szala 2020).

Converting to a Roth IRA would make sense for high earners in that under a traditional IRA, distributions would be taxed as ordinary income at a high tax rate. Emile Hallez (2020) believes that the demise of the Stretch IRA will lead to greater use of the Roth 401(k). The use of a Roth IRA conversion transfers the tax liability to the original owner of the IRA rather than to the heirs. In addition, the heirs of the Roth IRA can allow the funds in the Roth IRA account to grow tax-free for up to 10 years.

According to Hallez (2020), most employers offer a Roth option with the 401(k) plan, but less than 25% of 401(k) plan participants select the Roth as an option. Roth 401(k)s have the same mandatory 10-year distribution limit as Stretch IRAs under the new rules. However, Roth 401(k)s may have the potential to reduce tax liabilities. Participants can contribute to a Roth 401(k) only or may split their contributions between traditional and Roth IRA accounts.

Life insurance plans are another alternative to the Stretch IRA. The distributions from the IRA could be used to pay for the policy. The beneficiaries receive the death benefit from the life insurance policy. And, since life insurance is not included as part of a beneficiary’s income, it is not taxable income. For 2022, the federal estate tax exemption is \$12.06 million. Most Americans, however, likely fall under the \$12.06 million dollar limit (Internal Revenue Service 2022a).

Very wealthy IRA owners subject to high estate taxes may opt to leave their IRA to charity (Singer et al. 2020). For example, according to Singer, Ewing, and Delich-Gould (2020), an IRA owner living in New York City in which federal and state income taxes are approximately 49.5% and state estate taxes can be 56%, the entire IRA may be taxed into oblivion. Consequently, some wealthy IRA owners may name a charity as beneficiary. An alternative to leaving all of the IRA to charity is to create a charitable remainder trust. A charitable remainder trust provides an income stream for life to the named descendants(s) of the IRA. This type of trust can grow tax free assets. However, any moneys distributed to the beneficiaries are taxable.

Of the various alternatives to the Stretch IRA (Roth IRA conversions, accumulation trusts, charitable trusts, charitable donations and life insurance) we believe the best alternative for most individuals is the Roth IRA conversion. While the other alternatives may offer some benefit to the ultra-wealthy, the Roth IRA conversion offers a way for beneficiaries to minimize taxes and fees compared to the other alternatives. Specifically, with accumulation trusts, withdrawals can be stretched out for several years but are taxed at significantly higher rates than individual beneficiaries. Purchasing life insurance minimizes taxes but premium costs can be prohibitive. Charitable trusts or donations may be an option for very high net-worth individuals who are concerned about estate taxes since both minimize taxes for heirs. With a charitable trust, heirs receive payments during their lives, then the funds are transferred to the designated charity upon death.

Since converting to a Roth IRA has significant tax advantages and is very simple to do, it may make the most sense as an alternative to the Stretch IRA. The ultra-wealthy, however, may benefit from more

complex alternatives (trusts and life insurance). Therefore, the focus of this paper is the Roth IRA conversion strategy. In the section below, various IRA scenarios are described. Next, the results are analyzed, followed by our conclusions and recommendations.

## IRA SCENARIOS

We analyze the wealth creation of several scenarios ranging from the traditional IRA to the Roth conversion IRAs (See tables in Appendix). The various scenarios differ in the time duration of the Roth IRA conversions as well as how the taxes are paid (from the IRA or an external account). The basic assumptions for all of the scenarios are as follows:

- 20 year old beneficiary with a lifespan through his/her 85<sup>th</sup> year.
- Amount of inherited IRA is \$500,000.
- Annual average return is 8%. This is a conservative assumption assuming the funds are invested in a diversified equity portfolio, since the long run (90 year) average return on large cap US equities is approximately 12%. For continuity among the various scenarios, it is assumed that the earnings are unrealized capital gains.
- All tax rates are from the 2022 IRS Tax Tables.
- The required minimum distributions (RMDs) are from the Uniform Lifetime and Single Life Expectancy Tables.
- For consistency, we assume that beneficiaries do not withdraw any funds from the respective IRA accounts unless required per the RMD requirements. While this may not be realistic, it provides a basis for comparing the various strategies. It also illustrates the maximum amount possible for intergenerational wealth transfer.

### Scenario 1: Base Case 1

For the base case, we illustrate the wealth creation of an inherited IRA under the old guidelines where the “Stretch IRA” method is utilized (Table 1). A 20 year old beneficiary inherits a traditional IRA valued at \$500,000. The RMDs are deducted each year and held in a separate account earning 8% annually. The taxes owed from the RMD’s are paid from an outside source. Therefore, this scenario illustrates the maximum possible wealth creation utilizing the “Stretch IRA” strategy if taxes are not deducted from the account and the annual average return is 8%.

As illustrated in Table 1, the first column indicates the beginning balance of the IRA account for each year. The next column shows the annual return at 8%, followed by the annual RMD. The last two columns show the ending balance of the IRA account and the net future value (NFV) of the RMDs. Although the RMDs are in a taxable account, for simplicity we assume that the gains are unrealized capital gains and therefore are tax deferred.

As shown at the bottom of Table 1, the combined account balance under the base case scenario by age 86 is \$80,341,087. This includes the future value of the IRA at \$5,218,115 plus the future value of the RMDs at \$75,122,792. While this may seem like an “unrealistic” amount of money, consider the fact the \$80,341,087 (by the time the beneficiary dies at the end of his/her 85<sup>th</sup> year) is really only worth \$11,763,000 in today’s dollars, assuming a 3% annual inflation rate.

### Scenario 2: Base Case 2

Under scenario 2, the assumptions are identical Scenario 1 (Stretch IRA for 20 year old beneficiary, 8% annual return, RMDs are deducted) except the taxes are paid from the RMDs rather than an outside account. Hence, this scenario illustrates the future value of the Stretch IRA under the more realistic assumption that the individual would have taxes deducted from the annual distributions. As illustrated in Table 2, this reduces the future value of the RMDs to \$53,381,711 compared to \$75,122,792 in the prior scenario. By the end of age 85, the combined balance is \$58,599,826 (future value of the IRA at \$5,218,115 plus the future value of the RMDs at \$53,381,711).

Under Scenarios 3-6, the Roth IRA conversion option is analyzed. The Traditional IRA must be converted to a Roth IRA at least five years before the owner’s death. When a Traditional IRA is converted to a Roth IRA, taxes must be paid on the converted amount in the year of conversion. However, once the Roth IRA is inherited, no taxes are due when the required distributions are taken.

**Scenario 3: Roth IRA Conversion with Taxes Paid from External Account**

Under this scenario, illustrated in Table 3, the Traditional IRA is converted to a Roth IRA and taxes are paid from an external account. The goal under this scenario is to transfer the maximum wealth to heirs. The inherited Roth IRA is distributed in its entirety in the tenth year after the owner’s death and continues to grow in a taxable account until the beneficiary dies at the end of his/her 85<sup>th</sup> year. The resulting account balance is \$80,341,117

**Scenario 4: Roth IRA Conversion with Taxes Deducted from IRA Account**

Under this scenario (Table 4) the owner converts his/her Tradition IRA to a Roth IRA; however, the taxes are paid from the IRA account. Under the 2022 IRS tax tables' applicable tax rate is 35%. Therefore, \$325,000 is inherited rather than \$500,000. This results in a future value totaling \$52,221,726 by the end beneficiary’s 85<sup>th</sup> year.

**Scenario 5: Roth IRA Conversion over a 2-year Period with Taxes Deducted from IRA Account.**

Under this scenario (Table 5) \$250,000 per year is converted from the Traditional IRA to a Roth IRA, over a two-year period. This results in a significant reduction in taxes since the rate decreases from 35% to 24%. Hence, \$380,000 is inherited and increases to \$61,059,240 by the end of age 85.

**Scenario 6: Roth IRA Conversion over a 3-year Period with Taxes Deducted from IRA Account.**

In this scenario (Table 6) \$166,667 per year is converted over a three-year period. This reduces the tax rate to 22%, leaving \$390,00 available for the inherited Roth IRA. Under this scenario, the future value of the account is \$62,666,071 by the end of the beneficiary’s age 85.

**Scenario 7-Traditional IRA Distributed over Ten Years**

Our final scenario, illustrated in Table 7, incorporates the new IRA distribution rules under the SECURE Act and keeps the IRA as a Traditional IRA. Annual distributions of the inherited Traditional IRA are taken over a 10-year period, per the new regulations. Taxes are paid from the annual distributions at a 24% tax rate. At the end of the tenth year, the IRA account has been depleted and all of the remaining funds are allowed to grow at an 8% annual return in a taxable account. The future value by the end of age 85 under this scenario is \$61,059,243.

**DISCUSSION OF RESULTS**

Below is a table summarizing the future value of the IRA accounts under the various scenarios.

**TABLE 1  
SUMMARY OF IRA SCENARIOS**

SUMMARY OF IRA SCENARIOS	
Scenarios	FV of Inherited Account (65 years at 8% Annual Average Return)
1) Stretch IRA (Taxes paid from External Account)	\$80,341,087
2) Stretch IRA (Taxes paid from IRA)	\$58,599,826

3) Roth IRA Conversion (Taxes paid from External Account)	\$80,341,117
4) Roth IRA Conversion (Taxes paid from IRA)	\$52,221,726
5) Roth IRA Conversion over 2 years (Taxes paid from IRA)	\$61,059,240
6) Roth IRA Conversion over 3 years (Taxes paid from IRA)	\$62,666,071
7) Traditional IRA Distributed over 10 year (Taxes paid from IRA)	\$61,059,243

To recap: Scenarios 1 and 2 analyze the “Stretch IRA”, Scenarios 3-6 analyze various Roth IRA conversion schemes, and Scenario 7 analyzes the Traditional IRA under the new 10-year distribution rules.

Based on our analyses, since the passage of the SECURE Act, the best option to maximize IRA wealth transfer to heirs is to convert a Traditional IRA to a Roth IRA, then pay the required taxes from an external source (Scenario 3). If one does not have the funds to pay the taxes from an external source, then converting a Roth IRA over a three-year period would be optimal (Scenario 6).

#### **A Note about Estate Tax**

As of 2022, the Federal Estate tax is 40% after the \$12,060,000 exemption. In addition, state taxes are approximately 10% after an average \$5 million exemption. In our study, the primary beneficiary need not be concerned with estate tax since the inherited amount ranges from \$325,000 to \$500,000 depending on the scenarios. However, successor beneficiaries will likely have to pay estate tax if they successfully preserve their inherited wealth.

To this end, our optimal scenario (3) totals \$80,341,117 by the end of the primary beneficiary’s age of 85, decreases to \$45,687,558 upon his/her death under the current U.S. estate tax rules. Taking things one step further and accounting for 3% annual inflation, the \$45,687,558 would be worth \$6,689,264 in today’s dollars, and death of the primary beneficiary and estate taxes paid.

#### **CONCLUSION**

Since US passage of the SECURE Act by congress, individuals wanting to leave retirement accounts to heirs should consider converting accounts to a Roth IRA. The best outcome for multigenerational wealth transfer is to pay the required taxes from an outside source when converting to a Roth IRA. Alternatively, converting funds to a Roth IRA over the optimal number of years minimize taxes is the next best option. Another benefit of converting to a Roth IRA is lower tax rates on future distributions. For example, the tax rates on RMDs can be as high as 37% whereas the highest long-term capital gains rate is just 20%. Once the IRA is converted to a Roth, it would only be subject to capital gains tax, should the beneficiary choose to make any withdrawals during his/her lifetime.

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**APPENDIX**

**TABLE 1  
STRETCH IRA FOR 20-YEAR-OLD BENEFICIARY**

Age	Beginning IRA Balance	8% Return	RMD	Ending IRA Balance	NFV of RMDs @ 8%
20	\$ 500,000.00	\$ 40,000.00	\$ 8,307.69	\$ 531,692.31	\$1,236,062.97
21	\$ 531,692.31	\$ 42,535.38	\$ 8,958.31	\$ 565,269.38	\$1,234,046.17
22	\$ 565,269.38	\$ 45,221.55	\$ 9,674.98	\$ 600,815.96	\$1,234,092.09
23	\$ 600,815.96	\$ 48,065.28	\$ 10,448.97	\$ 638,432.26	\$1,234,092.09
24	\$ 638,432.26	\$ 51,074.58	\$ 11,284.89	\$ 678,221.95	\$1,234,100.84
25	\$ 678,221.95	\$ 54,257.76	\$ 12,167.44	\$ 720,312.27	\$1,231,994.69
26	\$ 720,312.27	\$ 57,624.98	\$ 13,140.83	\$ 764,796.42	\$1,232,054.70
27	\$ 764,796.42	\$ 61,183.71	\$ 14,192.10	\$ 811,788.03	\$1,232,030.39
28	\$ 811,788.03	\$ 64,943.04	\$ 15,300.72	\$ 861,430.36	\$1,229,911.54
29	\$ 861,430.36	\$ 68,914.43	\$ 16,524.77	\$ 913,820.01	\$1,229,905.59
30	\$ 913,820.01	\$ 73,105.60	\$ 17,846.76	\$ 969,078.86	\$1,229,836.68
31	\$ 969,078.86	\$ 77,526.31	\$ 19,239.07	\$ 1,027,366.10	\$1,227,623.78
32	\$ 1,027,366.10	\$ 82,189.29	\$ 20,778.19	\$ 1,088,777.20	\$1,227,616.69
33	\$ 1,088,777.20	\$ 87,102.18	\$ 22,397.70	\$ 1,153,481.67	\$1,225,305.90
34	\$ 1,153,481.67	\$ 92,278.53	\$ 24,378.87	\$ 1,221,381.34	\$1,234,887.56
35	\$ 1,221,381.34	\$ 97,710.51	\$ 26,120.63	\$ 1,292,971.22	\$1,225,117.02
36	\$ 1,292,971.22	\$ 103,437.70	\$ 28,153.41	\$ 1,368,255.51	\$1,222,612.13
37	\$ 1,368,255.51	\$ 109,460.44	\$ 30,405.68	\$ 1,447,310.27	\$1,222,642.69
38	\$ 1,447,310.27	\$ 115,784.82	\$ 32,769.29	\$ 1,530,325.80	\$1,220,055.81
39	\$ 1,530,325.80	\$ 122,426.06	\$ 35,390.83	\$ 1,617,361.03	\$1,220,072.35
40	\$ 1,617,361.03	\$ 129,388.88	\$ 38,222.10	\$ 1,708,527.82	\$1,220,063.42
41	\$ 1,708,527.82	\$ 136,682.23	\$ 41,187.72	\$ 1,804,022.32	\$1,217,351.36
42	\$ 1,804,022.32	\$ 144,321.79	\$ 44,482.74	\$ 1,903,861.36	\$1,217,350.27
43	\$ 1,903,861.36	\$ 152,308.91	\$ 47,929.38	\$ 2,008,240.89	\$1,214,496.03
44	\$ 2,008,240.89	\$ 160,659.27	\$ 51,763.73	\$ 2,117,136.44	\$1,214,511.98
45	\$ 2,117,136.44	\$ 169,370.92	\$ 55,768.47	\$ 2,230,738.88	\$1,211,533.11
46	\$ 2,230,738.88	\$ 178,459.11	\$ 60,229.95	\$ 2,348,968.04	\$1,211,544.38
47	\$ 2,348,968.04	\$ 187,917.44	\$ 65,048.35	\$ 2,471,837.14	\$1,211,536.93
48	\$ 2,471,837.14	\$ 197,746.97	\$ 70,067.82	\$ 2,599,516.29	\$1,208,366.49
49	\$ 2,599,516.29	\$ 207,961.30	\$ 75,673.25	\$ 2,731,804.34	\$1,208,359.47
50	\$ 2,731,804.34	\$ 218,544.35	\$ 81,501.34	\$ 2,868,847.34	\$1,205,020.35
51	\$ 2,868,847.34	\$ 229,507.79	\$ 87,772.10	\$ 3,010,583.03	\$1,201,610.41
52	\$ 3,010,583.03	\$ 240,846.64	\$ 94,793.87	\$ 3,156,635.80	\$1,201,613.45
53	\$ 3,156,635.80	\$ 252,530.86	\$ 102,070.86	\$ 3,307,095.81	\$1,198,004.06



54	\$	3,307,095.81	\$	264,567.66	\$	109,897.34	\$	3,461,766.14	\$	1,194,324.27
55	\$	3,461,766.14	\$	276,941.29	\$	118,313.53	\$	3,620,393.90	\$	1,190,553.19
56	\$	3,620,393.90	\$	289,631.51	\$	127,778.61	\$	3,782,246.81	\$	1,190,552.07
57	\$	3,782,246.81	\$	302,579.74	\$	137,074.72	\$	3,947,751.83	\$	1,182,560.61
58	\$	3,947,751.83	\$	315,820.15	\$	147,528.44	\$	4,116,043.54	\$	1,178,462.73
59	\$	4,116,043.54	\$	329,283.48	\$	158,761.68	\$	4,286,565.34	\$	1,174,259.83
60	\$	4,286,565.34	\$	342,925.23	\$	170,829.91	\$	4,458,660.66	\$	1,169,925.02
61	\$	4,458,660.66	\$	356,692.85	\$	183,792.12	\$	4,631,561.39	\$	1,165,458.29
62	\$	4,631,561.39	\$	370,524.91	\$	196,932.53	\$	4,805,153.77	\$	1,156,284.95
63	\$	4,805,153.77	\$	384,412.30	\$	211,819.02	\$	4,977,747.05	\$	1,151,562.55
64	\$	4,977,747.05	\$	398,219.76	\$	226,834.04	\$	5,149,132.77	\$	1,141,844.64
65	\$	5,149,132.77	\$	411,930.62	\$	242,841.20	\$	5,318,222.20	\$	1,131,871.49
66	\$	5,318,222.20	\$	425,457.78	\$	261,076.36	\$	5,482,603.61	\$	1,126,725.97
67	\$	5,482,603.61	\$	438,608.29	\$	279,302.45	\$	5,641,909.45	\$	1,116,096.24
68	\$	5,641,909.45	\$	451,352.76	\$	298,689.32	\$	5,794,572.88	\$	1,105,154.69
69	\$	5,794,572.88	\$	463,565.83	\$	319,292.79	\$	5,938,845.92	\$	1,093,879.50
70	\$	5,938,845.92	\$	475,107.67	\$	341,167.74	\$	6,072,785.85	\$	1,082,242.59
71	\$	6,072,785.85	\$	485,822.87	\$	364,367.15	\$	6,194,241.57	\$	1,070,216.43
72	\$	6,194,241.57	\$	495,539.33	\$	388,940.75	\$	6,300,840.15	\$	1,057,773.17
73	\$	6,300,840.15	\$	504,067.21	\$	414,933.38	\$	6,389,973.98	\$	1,044,871.88
74	\$	6,389,973.98	\$	511,197.92	\$	442,382.81	\$	6,458,789.09	\$	1,031,477.45
75	\$	6,458,789.09	\$	516,703.13	\$	471,317.04	\$	6,504,175.17	\$	1,017,538.05
76	\$	6,504,175.17	\$	520,334.01	\$	498,192.14	\$	6,526,317.05	\$	995,888.11
77	\$	6,526,317.05	\$	522,105.36	\$	529,956.57	\$	6,518,465.84	\$	980,913.42
78	\$	6,518,465.84	\$	521,477.27	\$	558,725.64	\$	6,481,217.46	\$	957,558.18
79	\$	6,481,217.46	\$	518,497.40	\$	588,211.33	\$	6,411,503.52	\$	933,416.93
80	\$	6,411,503.52	\$	512,920.28	\$	618,252.13	\$	6,306,171.68	\$	908,415.02
81	\$	6,306,171.68	\$	504,493.73	\$	648,634.80	\$	6,162,030.61	\$	882,460.76
82	\$	6,162,030.61	\$	492,962.45	\$	672,221.52	\$	5,982,771.54	\$	846,806.12
83	\$	5,982,771.54	\$	478,621.72	\$	694,773.47	\$	5,766,619.80	\$	810,383.23
84	\$	5,766,619.80	\$	461,329.58	\$	715,856.25	\$	5,512,093.13	\$	773,124.48
85	\$	5,512,093.13	\$	440,967.45	\$	734,945.75	\$	5,218,114.83	\$	734,946.75

FV of RMDs at 8%

\$75,122,972.00

Ending IRA Balance

\$5,218,114.83

Combined Balance by age 86.

\$80,341,086.83

*Assumptions:* Annual return is 8%, RMD is deducted, taxes are paid from outside source.

**TABLE 2**  
**STRETCH IRA FOR 20-YEAR-OLD BENEFICIARY**

Age	Beginning IRA Balance	8% Return	RMD	Ending IRA Balance	RMDs invested after taxes	NFV of RMDs @ 8%
20	\$ 500,000.00	\$ 40,000.00	\$ 8,307.69	\$ 531,692.31	\$ 6,313.84	\$939,395.95
21	\$ 531,692.31	\$ 42,535.38	\$ 8,958.31	\$ 565,269.38	\$ 6,808.32	\$937,864.07
22	\$ 565,269.38	\$ 45,221.55	\$ 9,674.98	\$ 600,815.96	\$ 7,352.98	\$937,909.99
23	\$ 600,815.96	\$ 48,065.28	\$ 10,448.97	\$ 638,432.26	\$ 7,941.22	\$937,881.64
24	\$ 638,432.26	\$ 51,074.58	\$ 11,284.89	\$ 678,221.95	\$ 8,576.52	\$937,960.38
25	\$ 678,221.95	\$ 54,257.76	\$ 12,167.44	\$ 720,312.27	\$ 9,247.25	\$936,324.07
26	\$ 720,312.27	\$ 57,624.98	\$ 13,140.83	\$ 764,796.42	\$ 9,987.03	\$936,346.57
27	\$ 764,796.42	\$ 61,183.71	\$ 14,192.10	\$ 811,788.03	\$ 10,786.00	\$936,350.04
28	\$ 811,788.03	\$ 64,943.04	\$ 15,300.72	\$ 861,430.36	\$ 11,628.55	\$934,752.07
29	\$ 861,430.36	\$ 68,914.43	\$ 16,524.77	\$ 913,820.01	\$ 12,558.83	\$934,728.25
30	\$ 913,820.01	\$ 73,105.60	\$ 17,846.76	\$ 969,078.86	\$ 13,563.54	\$934,747.54
31	\$ 969,078.86	\$ 77,526.31	\$ 19,239.07	\$ 1,027,366.10	\$ 14,621.69	\$933,017.04
32	\$ 1,027,366.10	\$ 82,189.29	\$ 20,778.19	\$ 1,088,777.20	\$ 15,791.42	\$932,972.14
33	\$ 1,088,777.20	\$ 87,102.18	\$ 22,397.70	\$ 1,153,481.67	\$ 17,022.25	\$931,206.23
34	\$ 1,153,481.67	\$ 92,278.53	\$ 24,378.87	\$ 1,221,381.34	\$ 18,527.94	\$938,512.52
35	\$ 1,221,381.34	\$ 97,710.51	\$ 26,120.63	\$ 1,292,971.22	\$ 19,851.68	\$931,090.81
36	\$ 1,292,971.22	\$ 103,437.70	\$ 28,153.41	\$ 1,368,255.51	\$ 21,396.59	\$929,216.48
37	\$ 1,368,255.51	\$ 109,460.44	\$ 30,405.68	\$ 1,447,310.27	\$ 23,108.32	\$929,185.92
38	\$ 1,447,310.27	\$ 115,784.82	\$ 32,769.29	\$ 1,530,325.80	\$ 24,904.66	\$927,263.26
39	\$ 1,530,325.80	\$ 122,426.06	\$ 35,390.83	\$ 1,617,361.03	\$ 26,897.03	\$927,249.47
40	\$ 1,617,361.03	\$ 129,388.88	\$ 38,222.10	\$ 1,708,527.82	\$ 29,048.80	\$927,257.13
41	\$ 1,708,527.82	\$ 136,682.23	\$ 41,187.72	\$ 1,804,022.32	\$ 31,302.67	\$925,190.58
42	\$ 1,804,022.32	\$ 144,321.79	\$ 44,482.74	\$ 1,903,861.36	\$ 33,806.88	\$925,184.01
43	\$ 1,903,861.36	\$ 152,308.91	\$ 47,929.38	\$ 2,008,240.89	\$ 36,426.33	\$923,015.97
44	\$ 2,008,240.89	\$ 160,659.27	\$ 51,763.73	\$ 2,117,136.44	\$ 39,340.43	\$923,014.09
45	\$ 2,117,136.44	\$ 169,370.92	\$ 55,768.47	\$ 2,230,738.88	\$ 42,384.04	\$920,772.12
46	\$ 2,230,738.88	\$ 178,459.11	\$ 60,229.95	\$ 2,348,968.04	\$ 45,774.76	\$920,777.75
47	\$ 2,348,968.04	\$ 187,917.44	\$ 65,048.35	\$ 2,471,837.14	\$ 49,436.75	\$920,777.75
48	\$ 2,471,837.14	\$ 197,746.97	\$ 70,067.82	\$ 2,599,516.29	\$ 53,251.54	\$918,364.05
49	\$ 2,599,516.29	\$ 207,961.30	\$ 75,673.25	\$ 2,731,804.34	\$ 57,511.67	\$918,361.50

50	\$ 2,731,804.34	\$ 218,544.35	\$ 81,501.34	\$ 2,868,847.34	\$ 61,941.02	\$915,819.01
51	\$ 2,868,847.34	\$ 229,507.79	\$ 87,772.10	\$ 3,010,583.03	\$ 66,706.80	\$913,227.74
52	\$ 3,010,583.03	\$ 240,846.64	\$ 94,793.87	\$ 3,156,635.80	\$ 72,043.34	\$913,220.64
53	\$ 3,156,635.80	\$ 252,530.86	\$ 102,070.86	\$ 3,307,095.81	\$ 69,408.18	\$814,647.46
54	\$ 3,307,095.81	\$ 264,567.66	\$ 109,897.34	\$ 3,461,766.14	\$ 74,730.19	\$812,140.94
55	\$ 3,461,766.14	\$ 276,941.29	\$ 118,313.53	\$ 3,620,393.90	\$ 80,453.20	\$809,570.93
56	\$ 3,620,393.90	\$ 289,631.51	\$ 127,778.61	\$ 3,782,246.81	\$ 86,889.45	\$809,568.70
57	\$ 3,782,246.81	\$ 302,579.74	\$ 137,074.72	\$ 3,947,751.83	\$ 93,210.81	\$804,141.21
58	\$ 3,947,751.83	\$ 315,820.15	\$ 147,528.44	\$ 4,116,043.54	\$ 100,319.34	\$801,354.34
59	\$ 4,116,043.54	\$ 329,283.48	\$ 158,761.68	\$ 4,286,565.34	\$ 107,957.94	\$798,495.50
60	\$ 4,286,565.34	\$ 342,925.23	\$ 170,829.91	\$ 4,458,660.66	\$ 116,164.34	\$795,546.27
61	\$ 4,458,660.66	\$ 356,692.85	\$ 183,792.12	\$ 4,631,561.39	\$ 124,978.64	\$792,514.43
62	\$ 4,631,561.39	\$ 370,524.91	\$ 196,932.53	\$ 4,805,153.77	\$ 133,914.12	\$786,271.18
63	\$ 4,805,153.77	\$ 384,412.30	\$ 211,819.02	\$ 4,977,747.05	\$ 137,682.36	\$748,513.76
64	\$ 4,977,747.05	\$ 398,219.76	\$ 226,834.04	\$ 5,149,132.77	\$ 147,442.13	\$742,198.51
65	\$ 5,149,132.77	\$ 411,930.62	\$ 242,841.20	\$ 5,318,222.20	\$ 157,846.78	\$735,718.10
66	\$ 5,318,222.20	\$ 425,457.78	\$ 261,076.36	\$ 5,482,603.61	\$ 169,699.63	\$732,374.47
67	\$ 5,482,603.61	\$ 438,608.29	\$ 279,302.45	\$ 5,641,909.45	\$ 181,546.59	\$725,465.35
68	\$ 5,641,909.45	\$ 451,352.76	\$ 298,689.32	\$ 5,794,572.88	\$ 194,148.06	\$718,351.11
69	\$ 5,794,572.88	\$ 463,565.83	\$ 319,292.79	\$ 5,938,845.92	\$ 207,540.31	\$711,020.14
70	\$ 5,938,845.92	\$ 475,107.67	\$ 341,167.74	\$ 6,072,785.85	\$ 221,759.03	\$703,457.05
71	\$ 6,072,785.85	\$ 485,822.87	\$ 364,367.15	\$ 6,194,241.57	\$ 236,838.65	\$695,642.00
72	\$ 6,194,241.57	\$ 495,539.33	\$ 388,940.75	\$ 6,300,840.15	\$ 252,811.49	\$687,550.79
73	\$ 6,300,840.15	\$ 504,067.21	\$ 414,933.38	\$ 6,389,973.98	\$ 261,408.03	\$658,269.81
74	\$ 6,389,973.98	\$ 511,197.92	\$ 442,382.81	\$ 6,458,789.09	\$ 278,701.17	\$649,830.12
75	\$ 6,458,789.09	\$ 516,703.13	\$ 471,317.04	\$ 6,504,175.17	\$ 296,929.74	\$641,049.60
76	\$ 6,504,175.17	\$ 520,334.01	\$ 498,192.14	\$ 6,526,317.05	\$ 313,861.05	\$627,409.59
77	\$ 6,526,317.05	\$ 522,105.36	\$ 529,956.57	\$ 6,518,465.84	\$ 333,872.64	\$617,973.77
78	\$ 6,518,465.84	\$ 521,477.27	\$ 558,725.64	\$ 6,481,217.46	\$ 351,997.15	\$603,261.00
79	\$ 6,481,217.46	\$ 518,497.40	\$ 588,211.33	\$ 6,411,503.52	\$ 370,573.14	\$588,052.78
80	\$ 6,411,503.52	\$ 512,920.28	\$ 618,252.13	\$ 6,306,171.68	\$ 389,498.84	\$572,301.82
81	\$ 6,306,171.68	\$ 504,493.73	\$ 648,634.80	\$ 6,162,030.61	\$ 408,639.92	\$555,950.21
82	\$ 6,162,030.61	\$ 492,962.45	\$ 672,221.52	\$ 5,982,771.54	\$ 423,499.56	\$533,488.03

83	\$ 5,982,771.54	\$ 478,621.72	\$ 694,773.47	\$ 5,766,619.80	\$ 437,707.29	\$510,541.44
84	\$ 5,766,619.80	\$ 461,329.58	\$ 715,856.25	\$ 5,512,093.13	\$ 450,989.44	\$487,068.12
85	\$ 5,512,093.13	\$ 440,967.45	\$ 734,945.75	\$ 5,218,114.83	\$ 463,015.82	\$463,015.82

FV of RMDs at 8%

\$53,381,711.17

Ending IRA Balance

\$5,218,114.83

Combined Balance by age 86.

\$58,599,826.00

*Assumptions:* Annual return is 8%, RMD is deducted and taxes are paid from RMD: 24% to age 52, 32% to age 62, 35% to age 72, 37% thereafter.

**TABLE 2  
STRETCH IRA FOR 20-YEAR-OLD BENEFICIARY**

Age	Beginning IRA Balance	8% Return	RMD	Ending IRA Balance	RMDs invested after taxes	NFV of RMDs @ 8%
20	\$ 500,000.00	\$ 40,000.00	\$ 8,307.69	\$ 531,692.31	\$ 6,313.84	\$939,395.95
21	\$ 531,692.31	\$ 42,535.38	\$ 8,958.31	\$ 565,269.38	\$ 6,808.32	\$937,864.07
22	\$ 565,269.38	\$ 45,221.55	\$ 9,674.98	\$ 600,815.96	\$ 7,352.98	\$937,909.99
23	\$ 600,815.96	\$ 48,065.28	\$ 10,448.97	\$ 638,432.26	\$ 7,941.22	\$937,881.64
24	\$ 638,432.26	\$ 51,074.58	\$ 11,284.89	\$ 678,221.95	\$ 8,576.52	\$937,960.38
25	\$ 678,221.95	\$ 54,257.76	\$ 12,167.44	\$ 720,312.27	\$ 9,247.25	\$936,324.07
26	\$ 720,312.27	\$ 57,624.98	\$ 13,140.83	\$ 764,796.42	\$ 9,987.03	\$936,346.57
27	\$ 764,796.42	\$ 61,183.71	\$ 14,192.10	\$ 811,788.03	\$ 10,786.00	\$936,350.04
28	\$ 811,788.03	\$ 64,943.04	\$ 15,300.72	\$ 861,430.36	\$ 11,628.55	\$934,752.07
29	\$ 861,430.36	\$ 68,914.43	\$ 16,524.77	\$ 913,820.01	\$ 12,558.83	\$934,728.25
30	\$ 913,820.01	\$ 73,105.60	\$ 17,846.76	\$ 969,078.86	\$ 13,563.54	\$934,747.54
31	\$ 969,078.86	\$ 77,526.31	\$ 19,239.07	\$ 1,027,366.10	\$ 14,621.69	\$933,017.04
32	\$ 1,027,366.10	\$ 82,189.29	\$ 20,778.19	\$ 1,088,777.20	\$ 15,791.42	\$932,972.14
33	\$ 1,088,777.20	\$ 87,102.18	\$ 22,397.70	\$ 1,153,481.67	\$ 17,022.25	\$931,206.23
34	\$ 1,153,481.67	\$ 92,278.53	\$ 24,378.87	\$ 1,221,381.34	\$ 18,527.94	\$938,512.52
35	\$ 1,221,381.34	\$ 97,710.51	\$ 26,120.63	\$ 1,292,971.22	\$ 19,851.68	\$931,090.81
36	\$ 1,292,971.22	\$ 103,437.70	\$ 28,153.41	\$ 1,368,255.51	\$ 21,396.59	\$929,216.48
37	\$ 1,368,255.51	\$ 109,460.44	\$ 30,405.68	\$ 1,447,310.27	\$ 23,108.32	\$929,185.92
38	\$ 1,447,310.27	\$ 115,784.82	\$ 32,769.29	\$ 1,530,325.80	\$ 24,904.66	\$927,263.26
39	\$ 1,530,325.80	\$ 122,426.06	\$ 35,390.83	\$ 1,617,361.03	\$ 26,897.03	\$927,249.47

40	\$ 1,617,361.03	\$ 129,388.88	\$ 38,222.10	\$ 1,708,527.82	\$ 29,048.80	\$927,257.13
41	\$ 1,708,527.82	\$ 136,682.23	\$ 41,187.72	\$ 1,804,022.32	\$ 31,302.67	\$925,190.58
42	\$ 1,804,022.32	\$ 144,321.79	\$ 44,482.74	\$ 1,903,861.36	\$ 33,806.88	\$925,184.01
43	\$ 1,903,861.36	\$ 152,308.91	\$ 47,929.38	\$ 2,008,240.89	\$ 36,426.33	\$923,015.97
44	\$ 2,008,240.89	\$ 160,659.27	\$ 51,763.73	\$ 2,117,136.44	\$ 39,340.43	\$923,014.09
45	\$ 2,117,136.44	\$ 169,370.92	\$ 55,768.47	\$ 2,230,738.88	\$ 42,384.04	\$920,772.12
46	\$ 2,230,738.88	\$ 178,459.11	\$ 60,229.95	\$ 2,348,968.04	\$ 45,774.76	\$920,777.75
47	\$ 2,348,968.04	\$ 187,917.44	\$ 65,048.35	\$ 2,471,837.14	\$ 49,436.75	\$920,777.75
48	\$ 2,471,837.14	\$ 197,746.97	\$ 70,067.82	\$ 2,599,516.29	\$ 53,251.54	\$918,364.05
49	\$ 2,599,516.29	\$ 207,961.30	\$ 75,673.25	\$ 2,731,804.34	\$ 57,511.67	\$918,361.50
50	\$ 2,731,804.34	\$ 218,544.35	\$ 81,501.34	\$ 2,868,847.34	\$ 61,941.02	\$915,819.01
51	\$ 2,868,847.34	\$ 229,507.79	\$ 87,772.10	\$ 3,010,583.03	\$ 66,706.80	\$913,227.74
52	\$ 3,010,583.03	\$ 240,846.64	\$ 94,793.87	\$ 3,156,635.80	\$ 72,043.34	\$913,220.64
53	\$ 3,156,635.80	\$ 252,530.86	\$ 102,070.86	\$ 3,307,095.81	\$ 69,408.18	\$814,647.46
54	\$ 3,307,095.81	\$ 264,567.66	\$ 109,897.34	\$ 3,461,766.14	\$ 74,730.19	\$812,140.94
55	\$ 3,461,766.14	\$ 276,941.29	\$ 118,313.53	\$ 3,620,393.90	\$ 80,453.20	\$809,570.93
56	\$ 3,620,393.90	\$ 289,631.51	\$ 127,778.61	\$ 3,782,246.81	\$ 86,889.45	\$809,568.70
57	\$ 3,782,246.81	\$ 302,579.74	\$ 137,074.72	\$ 3,947,751.83	\$ 93,210.81	\$804,141.21
58	\$ 3,947,751.83	\$ 315,820.15	\$ 147,528.44	\$ 4,116,043.54	\$ 100,319.34	\$801,354.34
59	\$ 4,116,043.54	\$ 329,283.48	\$ 158,761.68	\$ 4,286,565.34	\$ 107,957.94	\$798,495.50
60	\$ 4,286,565.34	\$ 342,925.23	\$ 170,829.91	\$ 4,458,660.66	\$ 116,164.34	\$795,546.27
61	\$ 4,458,660.66	\$ 356,692.85	\$ 183,792.12	\$ 4,631,561.39	\$ 124,978.64	\$792,514.43
62	\$ 4,631,561.39	\$ 370,524.91	\$ 196,932.53	\$ 4,805,153.77	\$ 133,914.12	\$786,271.18
63	\$ 4,805,153.77	\$ 384,412.30	\$ 211,819.02	\$ 4,977,747.05	\$ 137,682.36	\$748,513.76
64	\$ 4,977,747.05	\$ 398,219.76	\$ 226,834.04	\$ 5,149,132.77	\$ 147,442.13	\$742,198.51
65	\$ 5,149,132.77	\$ 411,930.62	\$ 242,841.20	\$ 5,318,222.20	\$ 157,846.78	\$735,718.10
66	\$ 5,318,222.20	\$ 425,457.78	\$ 261,076.36	\$ 5,482,603.61	\$ 169,699.63	\$732,374.47
67	\$ 5,482,603.61	\$ 438,608.29	\$ 279,302.45	\$ 5,641,909.45	\$ 181,546.59	\$725,465.35
68	\$ 5,641,909.45	\$ 451,352.76	\$ 298,689.32	\$ 5,794,572.88	\$ 194,148.06	\$718,351.11
69	\$ 5,794,572.88	\$ 463,565.83	\$ 319,292.79	\$ 5,938,845.92	\$ 207,540.31	\$711,020.14
70	\$ 5,938,845.92	\$ 475,107.67	\$ 341,167.74	\$ 6,072,785.85	\$ 221,759.03	\$703,457.05
71	\$ 6,072,785.85	\$ 485,822.87	\$ 364,367.15	\$ 6,194,241.57	\$ 236,838.65	\$695,642.00
72	\$ 6,194,241.57	\$ 495,539.33	\$ 388,940.75	\$ 6,300,840.15	\$ 252,811.49	\$687,550.79

73	\$ 6,300,840.15	\$ 504,067.21	\$ 414,933.38	\$ 6,389,973.98	\$ 261,408.03	\$658,269.81
74	\$ 6,389,973.98	\$ 511,197.92	\$ 442,382.81	\$ 6,458,789.09	\$ 278,701.17	\$649,830.12
75	\$ 6,458,789.09	\$ 516,703.13	\$ 471,317.04	\$ 6,504,175.17	\$ 296,929.74	\$641,049.60
76	\$ 6,504,175.17	\$ 520,334.01	\$ 498,192.14	\$ 6,526,317.05	\$ 313,861.05	\$627,409.59
77	\$ 6,526,317.05	\$ 522,105.36	\$ 529,956.57	\$ 6,518,465.84	\$ 333,872.64	\$617,973.77
78	\$ 6,518,465.84	\$ 521,477.27	\$ 558,725.64	\$ 6,481,217.46	\$ 351,997.15	\$603,261.00
79	\$ 6,481,217.46	\$ 518,497.40	\$ 588,211.33	\$ 6,411,503.52	\$ 370,573.14	\$588,052.78
80	\$ 6,411,503.52	\$ 512,920.28	\$ 618,252.13	\$ 6,306,171.68	\$ 389,498.84	\$572,301.82
81	\$ 6,306,171.68	\$ 504,493.73	\$ 648,634.80	\$ 6,162,030.61	\$ 408,639.92	\$555,950.21
82	\$ 6,162,030.61	\$ 492,962.45	\$ 672,221.52	\$ 5,982,771.54	\$ 423,499.56	\$533,488.03
83	\$ 5,982,771.54	\$ 478,621.72	\$ 694,773.47	\$ 5,766,619.80	\$ 437,707.29	\$510,541.44
84	\$ 5,766,619.80	\$ 461,329.58	\$ 715,856.25	\$ 5,512,093.13	\$ 450,989.44	\$487,068.12
85	\$ 5,512,093.13	\$ 440,967.45	\$ 734,945.75	\$ 5,218,114.83	\$ 463,015.82	\$463,015.82

FV of RMDs at 8%

\$53,381,711.17

Ending IRA Balance

\$5,218,114.83

Combined Balance by age 86.

\$58,599,826.00

*Assumptions:* Annual return is 8%, RMD is deducted and taxes are paid from RMD: 24% to age 52, 32% to age 62, 35% to age 72, 37% thereafter.

**TABLE 3  
OWNER CONVERTS TO ROTH IRA (MUST BE 5 OR MORE YEARS BEFORE DEATH).  
TAXES PAID FROM EXTERNAL ACCOUNT**

Age	Beginning IRA Balance
20	\$ 500,000.00
21	\$ 540,000.00
22	\$ 583,200.00
23	\$ 629,856.00
24	\$ 680,244.48
25	\$ 734,664.04
26	\$ 793,437.16
27	\$ 856,912.13
28	\$ 925,465.11
29	\$ 999,502.31
30	\$ 1,079,462.50
31	\$ 1,165,819.50

32	\$	1,259,085.06
33	\$	1,359,811.86
34	\$	1,468,596.81
35	\$	1,586,084.56
36	\$	1,712,971.32
37	\$	1,850,009.03
38	\$	1,998,009.75
39	\$	2,157,850.53
40	\$	2,330,478.57
41	\$	2,516,916.86
42	\$	2,718,270.21
43	\$	2,935,731.82
44	\$	3,170,590.37
45	\$	3,424,237.60
46	\$	3,698,176.61
47	\$	3,994,030.73
48	\$	4,313,553.19
49	\$	4,658,637.45
50	\$	5,031,328.44
51	\$	5,433,834.72
52	\$	5,868,541.50
53	\$	6,338,024.82
54	\$	6,845,066.80
55	\$	7,392,672.15
56	\$	7,984,085.92
57	\$	8,622,812.79
58	\$	9,312,637.82
59	\$	10,057,648.84
60	\$	10,862,260.75
61	\$	11,731,241.61
62	\$	12,669,740.94
63	\$	13,683,320.21
64	\$	14,777,985.83
65	\$	15,960,224.70
66	\$	17,237,042.67
67	\$	18,616,006.08
68	\$	20,105,286.57

69	\$	21,713,709.50
70	\$	23,450,806.26
71	\$	25,326,870.76
72	\$	27,353,020.42
73	\$	29,541,262.05
74	\$	31,904,563.02
75	\$	34,456,928.06
76	\$	37,213,482.30
77	\$	40,190,560.89
78	\$	43,405,805.76
79	\$	46,878,270.22
80	\$	50,628,531.83
81	\$	54,678,814.38
82	\$	59,053,119.53
83	\$	63,777,369.09
84	\$	68,879,558.62
85	\$	74,389,923.31
By age 86	\$	80,341,117.18

Assumptions: Annual return is 8%, Held in Roth IRA for 10 years, then distributed to taxable account.

**TABLE 4**  
**OWNER CONVERTS TO ROTH IRA (MUST BE 5 OR MORE YEARS BEFORE DEATH).**  
**CONVERTS TOTAL AMOUNT AT ONCE: 35% TAX RATE**

<b>Age</b>	<b>Beginning IRA Balance</b>	
20	\$	325,000.00
21	\$	351,000.00
22	\$	379,080.00
23	\$	409,406.40
24	\$	442,158.91
25	\$	477,531.62
26	\$	515,734.15
27	\$	556,992.89
28	\$	601,552.32
29	\$	649,676.50
30	\$	701,650.62
31	\$	757,782.67
32	\$	818,405.29
33	\$	883,877.71
34	\$	954,587.93



35	\$	1,030,954.96
36	\$	1,113,431.36
37	\$	1,202,505.87
38	\$	1,298,706.34
39	\$	1,402,602.84
40	\$	1,514,811.07
41	\$	1,635,995.96
42	\$	1,766,875.63
43	\$	1,908,225.68
44	\$	2,060,883.74
45	\$	2,225,754.44
46	\$	2,403,814.79
47	\$	2,596,119.98
48	\$	2,803,809.58
49	\$	3,028,114.34
50	\$	3,270,363.49
51	\$	3,531,992.57
52	\$	3,814,551.97
53	\$	4,119,716.13
54	\$	4,449,293.42
55	\$	4,805,236.90
56	\$	5,189,655.85
57	\$	5,604,828.32
58	\$	6,053,214.58
59	\$	6,537,471.75
60	\$	7,060,469.49
61	\$	7,625,307.05
62	\$	8,235,331.61
63	\$	8,894,158.14
64	\$	9,605,690.79
65	\$	10,374,146.05
66	\$	11,204,077.74
67	\$	12,100,403.95
68	\$	13,068,436.27
69	\$	14,113,911.17
70	\$	15,243,024.07
71	\$	16,462,465.99
72	\$	17,779,463.27
73	\$	19,201,820.33
74	\$	20,737,965.96

75	\$	22,397,003.24
76	\$	24,188,763.50
77	\$	26,123,864.58
78	\$	28,213,773.74
79	\$	30,470,875.64
80	\$	32,908,545.69
81	\$	35,541,229.35
82	\$	38,384,527.69
83	\$	41,455,289.91
84	\$	44,771,713.10
85	\$	48,353,450.15
By age 86	\$	52,221,726.16

*Assumptions:* Annual return is 8%, Held in Roth IRA for 10 years, then distributed to taxable account.

**TABLE 5**  
**OWNER CONVERTS TO ROTH IRA (MUST BE 5 OR MORE YEARS BEFORE DEATH).**  
**CONVERTS \$250,000 EACH YEAR OVER 2 YEARS: 24% TAX RATE**

Age	Beginning IRA Balance
20	\$ 380,000.00
21	\$ 410,400.00
22	\$ 443,232.00
23	\$ 478,690.56
24	\$ 516,985.80
25	\$ 558,344.67
26	\$ 603,012.24
27	\$ 651,253.22
28	\$ 703,353.48
29	\$ 759,621.76
30	\$ 820,391.50
31	\$ 886,022.82
32	\$ 956,904.64
33	\$ 1,033,457.02
34	\$ 1,116,133.58
35	\$ 1,205,424.26
36	\$ 1,301,858.20
37	\$ 1,406,006.86
38	\$ 1,518,487.41
39	\$ 1,639,966.40
40	\$ 1,771,163.71
41	\$ 1,912,856.81

42	\$	2,065,885.36
43	\$	2,231,156.19
44	\$	2,409,648.68
45	\$	2,602,420.57
46	\$	2,810,614.22
47	\$	3,035,463.36
48	\$	3,278,300.43
49	\$	3,540,564.46
50	\$	3,823,809.62
51	\$	4,129,714.39
52	\$	4,460,091.54
53	\$	4,816,898.86
54	\$	5,202,250.77
55	\$	5,618,430.83
56	\$	6,067,905.30
57	\$	6,553,337.72
58	\$	7,077,604.74
59	\$	7,643,813.12
60	\$	8,255,318.17
61	\$	8,915,743.62
62	\$	9,629,003.11
63	\$	10,399,323.36
64	\$	11,231,269.23
65	\$	12,129,770.77
66	\$	13,100,152.43
67	\$	14,148,164.62
68	\$	15,280,017.79
69	\$	16,502,419.22
70	\$	17,822,612.76
71	\$	19,248,421.78
72	\$	20,788,295.52
73	\$	22,451,359.16
74	\$	24,247,467.89
75	\$	26,187,265.32
76	\$	28,282,246.55
77	\$	30,544,826.27
78	\$	32,988,412.37
79	\$	35,627,485.36
80	\$	38,477,684.19
81	\$	41,555,898.93

82	\$	44,880,370.84
83	\$	48,470,800.51
84	\$	52,348,464.55
85	\$	56,536,341.72
By age 86	\$	61,059,249.05

*Assumptions:* Annual return is 8%, Held in Roth IRA for 10 years, then distributed to taxable account.

**TABLE 6  
OWNER CONVERTS TO ROTH IRA (MUST BE 5 OR MORE YEARS BEFORE DEATH).  
CONVERT \$166,667 EACH YEAR OVER 3 YEARS: 22% TAX RATE**

Age		Beginning IRA Balance
20	\$	390,000.00
21	\$	421,200.00
22	\$	454,896.00
23	\$	491,287.68
24	\$	530,590.69
25	\$	573,037.95
26	\$	618,880.99
27	\$	668,391.46
28	\$	721,862.78
29	\$	779,611.80
30	\$	841,980.75
31	\$	909,339.21
32	\$	982,086.35
33	\$	1,060,653.25
34	\$	1,145,505.51
35	\$	1,237,145.95
36	\$	1,336,117.63
37	\$	1,443,007.04
38	\$	1,558,447.60
39	\$	1,683,123.41
40	\$	1,817,773.29
41	\$	1,963,195.15
42	\$	2,120,250.76
43	\$	2,289,870.82
44	\$	2,473,060.49
45	\$	2,670,905.33
46	\$	2,884,577.75
47	\$	3,115,343.97
48	\$	3,364,571.49

49	\$	3,633,737.21
50	\$	3,924,436.19
51	\$	4,238,391.08
52	\$	4,577,462.37
53	\$	4,943,659.36
54	\$	5,339,152.11
55	\$	5,766,284.27
56	\$	6,227,587.02
57	\$	6,725,793.98
58	\$	7,263,857.50
59	\$	7,844,966.10
60	\$	8,472,563.38
61	\$	9,150,368.45
62	\$	9,882,397.93
63	\$	10,672,989.77
64	\$	11,526,828.95
65	\$	12,448,975.26
66	\$	13,444,893.28
67	\$	14,520,484.75
68	\$	15,682,123.53
69	\$	16,936,693.41
70	\$	18,291,628.88
71	\$	19,754,959.19
72	\$	21,335,355.93
73	\$	23,042,184.40
74	\$	24,885,559.15
75	\$	26,876,403.88
76	\$	29,026,516.19
77	\$	31,348,637.49
78	\$	33,856,528.49
79	\$	36,565,050.77
80	\$	39,490,254.83
81	\$	42,649,475.22
82	\$	46,061,433.23
83	\$	49,746,347.89
84	\$	53,726,055.72
85	\$	58,024,140.18
By age 86	\$	62,666,071.40

*Assumptions:* Annual return is 8%, Held in Roth IRA for 10 years, then distributed to taxable account

**TABLE 7**  
**TRADITIONAL IRA DISTRIBUTED OVER 10 YEARS**

Age	Beginning IRA Balance	8% Return	Distribution	Ending IRA Balance	Net distribution to Invest	FV of Dist. @ 8%	NFV of Dist @ 8%
20	\$ 500,000.00	\$ 40,000.00	\$ 74,514.74	\$ 465,485.26	\$ 56,631.20	\$113,206.03	
21	\$ 465,485.26	\$ 37,238.82	\$ 74,514.74	\$ 428,209.34	\$ 56,631.20	\$104,820.40	
22	\$ 428,209.34	\$ 34,256.75	\$ 74,514.74	\$ 387,951.35	\$ 56,631.20	\$97,055.92	
23	\$ 387,951.35	\$ 31,036.11	\$ 74,514.74	\$ 344,472.72	\$ 56,631.20	\$89,866.60	
24	\$ 344,472.72	\$ 27,557.82	\$ 74,514.74	\$ 297,515.79	\$ 56,631.20	\$83,209.81	
25	\$ 297,515.79	\$ 23,801.26	\$ 74,514.74	\$ 246,802.32	\$ 56,631.20	\$77,046.12	
26	\$ 246,802.32	\$ 19,744.19	\$ 74,514.74	\$ 192,031.76	\$ 56,631.20	\$71,339.00	
27	\$ 192,031.76	\$ 15,362.54	\$ 74,514.74	\$ 132,879.56	\$ 56,631.20	\$66,054.63	
28	\$ 132,879.56	\$ 10,630.37	\$ 74,514.74	\$ 68,995.19	\$ 56,631.20	\$61,161.70	
29	\$ 68,995.19	\$ 5,519.62	\$ 74,514.74	\$ 0.06	\$ 56,631.20	\$56,631.20	\$ 820,391.42
30						\$1,229,836.68	\$ 886,022.73
31						\$1,227,623.78	\$ 956,904.55
32						\$1,227,616.69	\$ 1,033,456.91
33						\$1,225,305.90	\$ 1,116,133.46
34						\$1,234,887.56	\$ 1,205,424.14
35						\$1,225,117.02	\$ 1,301,858.07
36						\$1,222,612.13	\$ 1,406,006.72
37						\$1,222,642.69	\$ 1,518,487.26
38						\$1,220,055.81	\$ 1,639,966.24
39						\$1,220,072.35	\$ 1,771,163.54
40						\$1,220,063.42	\$ 1,912,856.62
41						\$1,217,351.36	\$ 2,065,885.15
42						\$1,217,350.27	\$ 2,231,155.96
43						\$1,214,496.03	\$ 2,409,648.44

44											\$ 1,214,511.98	\$ 2,602,420.31
45											\$ 1,211,533.11	\$ 2,810,613.94
46											\$ 1,211,544.38	\$ 3,035,463.05
47											\$ 1,211,536.93	\$ 3,278,300.10
48											\$ 1,208,366.49	\$ 3,540,564.10
49											\$ 1,208,359.47	\$ 3,823,809.23
50											\$ 1,205,020.35	\$ 4,129,713.97
51											\$ 1,201,610.41	\$ 4,460,091.09
52											\$ 1,201,613.45	\$ 4,816,898.38
53											\$ 1,198,004.06	\$ 5,202,250.25
54											\$ 1,194,324.27	\$ 5,618,430.27
55											\$ 1,190,553.19	\$ 6,067,904.69
56											\$ 1,190,552.07	\$ 6,553,337.06
57											\$ 1,182,560.61	\$ 7,077,604.03
58											\$ 1,178,462.73	\$ 7,643,812.35
59											\$ 1,174,259.83	\$ 8,255,317.34
60											\$ 1,169,925.02	\$ 8,915,742.72
61											\$ 1,165,458.29	\$ 9,629,002.14
62											\$ 1,156,284.95	\$ 10,399,322.31
63											\$ 1,151,562.55	\$ 11,231,268.10
64											\$ 1,141,844.64	\$ 12,129,769.55
65											\$ 1,131,871.49	\$ 13,100,151.11
66											\$ 1,126,725.97	\$ 14,148,163.20
67											\$ 1,116,096.24	\$ 15,280,016.25
68											\$ 1,105,154.69	\$ 16,502,417.56
69											\$ 1,093,879.50	\$ 17,822,610.96
70											\$ 1,082,242.59	\$ 19,248,419.84
71											\$ 1,070,216.43	\$ 20,788,293.42
72											\$ 1,057,773.17	\$ 22,451,356.90

73										\$1,044,871.88	\$24,247,465.45
74										\$1,031,477.45	\$26,187,262.68
75										\$1,017,538.05	\$28,282,243.70
76										\$995,888.11	\$30,544,823.20
77										\$980,913.42	\$32,988,409.05
78										\$957,558.18	\$35,627,481.78
79										\$933,416.93	\$38,477,680.32
80										\$908,415.02	\$41,555,894.74
81										\$882,460.76	\$44,880,366.32
82										\$846,806.12	\$48,470,795.63
83										\$810,383.23	\$52,348,459.28
84										\$773,124.48	\$56,536,336.02
85										\$734,946.75	\$61,059,242.90

*Assumptions:* Annual return is 8%, distributions are deducted, taxes are paid from distribution: 24% tax rate.