

**Table 1: Baseline Case for NPV Analysis**

Year	Age	Balance Beginning of Year	After Growth @6%	RMD	End of Year Balance	Tax at Expected Future Rate (25%)	Tax at Conversion Rate (22%)	NPV to This Point (25%)	Discounted Tax Savings	Cumulative Tax Savings	Cumulative % Total NPV
2025	72				\$100,000			-\$22,000			
2026	73	\$100,000	\$106,000	-\$3,774	\$102,226	\$943	\$830	-\$21,110	\$106.80	\$107	3.6%
2027	74	\$102,226	\$108,360	-\$4,009	\$104,351	\$1,002	\$882	-\$20,218	\$107.04	\$214	7.1%
2028	75	\$104,351	\$110,612	-\$4,242	\$106,370	\$1,060	\$933	-\$19,328	\$106.85	\$321	10.7%
2029	76	\$106,370	\$112,752	-\$4,488	\$108,264	\$1,122	\$987	-\$18,439	\$106.65	\$427	14.2%
2030	77	\$108,264	\$114,760	-\$4,728	\$110,032	\$1,182	\$1,040	-\$17,556	\$105.98	\$533	17.8%
2031	78	\$110,032	\$116,634	-\$5,001	\$111,633	\$1,250	\$1,100	-\$16,674	\$105.78	\$639	21.3%
2032	79	\$111,633	\$118,331	-\$5,291	\$113,040	\$1,323	\$1,164	-\$15,795	\$105.56	\$745	24.8%
2033	80	\$113,040	\$119,823	-\$5,596	\$114,227	\$1,399	\$1,231	-\$14,917	\$105.33	\$850	28.3%
2034	81	\$114,227	\$121,080	-\$5,888	\$115,192	\$1,472	\$1,295	-\$14,046	\$104.55	\$955	31.8%
2035	82	\$115,192	\$122,104	-\$6,227	\$115,877	\$1,557	\$1,370	-\$13,176	\$104.31	\$1,059	35.3%
2036	83	\$115,877	\$122,830	-\$6,547	\$116,283	\$1,637	\$1,440	-\$12,314	\$103.46	\$1,162	38.7%
2037	84	\$116,283	\$123,260	-\$6,922	\$116,338	\$1,730	\$1,523	-\$11,454	\$103.19	\$1,266	42.2%
2038	85	\$116,338	\$123,319	-\$7,271	\$116,048	\$1,818	\$1,600	-\$10,602	\$102.27	\$1,368	45.6%
2039	86	\$116,048	\$123,010	-\$7,635	\$115,376	\$1,909	\$1,680	-\$9,758	\$101.31	\$1,469	49.0%
2040	87	\$115,376	\$122,298	-\$8,012	\$114,286	\$2,003	\$1,763	-\$8,922	\$100.30	\$1,569	52.3%
2041	88	\$114,286	\$121,143	-\$8,342	\$112,801	\$2,086	\$1,835	-\$8,101	\$98.51	\$1,668	55.6%
2042	89	\$112,801	\$119,569	-\$8,744	\$110,825	\$2,186	\$1,924	-\$7,289	\$97.42	\$1,765	58.8%
2043	90	\$110,825	\$117,474	-\$11,747	\$105,727	\$2,937	\$2,584	-\$6,260	\$123.47	\$1,889	63.0%
2044	91	\$105,727	\$112,071	-\$12,452	\$99,618	\$3,113	\$2,740	-\$5,231	\$123.47	\$2,012	67.1%
2045	92	\$99,618	\$105,595	-\$13,199	\$92,396	\$3,300	\$2,904	-\$4,202	\$123.47	\$2,136	71.2%
2046	93	\$92,396	\$97,940	-\$13,991	\$83,948	\$3,498	\$3,078	-\$3,173	\$123.47	\$2,259	75.3%
2047	94	\$83,948	\$88,985	-\$14,831	\$74,154	\$3,708	\$3,263	-\$2,145	\$123.47	\$2,383	79.4%
2048	95	\$74,154	\$78,604	-\$15,721	\$62,883	\$3,930	\$3,459	-\$1,116	\$123.47	\$2,506	83.5%
2049	96	\$62,883	\$66,656	-\$16,664	\$49,992	\$4,166	\$3,666	-\$87	\$123.47	\$2,630	87.7%
2050	97	\$49,992	\$52,991	-\$17,664	\$35,328	\$4,416	\$3,886	\$942	\$123.47	\$2,753	91.8%
2051	98	\$35,328	\$37,447	-\$18,724	\$18,724	\$4,681	\$4,119	\$1,971	\$123.47	\$2,877	95.9%
2052	99	\$18,724	\$19,847	-\$19,847	\$0	\$4,962	\$4,366	\$3,000	\$123.47	\$3,000	100.0%

Notes: The mechanics can be explained by walking through the age 73 row. The RMD of \$3,774 is obtained by dividing the \$100,000 prior year balance by 26.5, the RMD divisor for that age from the IRS's Uniform Life Table. This is income that will not be received if the conversion is performed. At the expected future tax rate of 25%, \$943 would have been owed in tax on that income. Had the tax rate not increased and stayed at the conversion rate of 22%, only \$830 would have been owed. Discounting the difference at 1.06, the discounted value of the first year's tax savings equals \$106.80. For annually updated NPV calculations, the initial conversion tax payment of \$22,000 is defrayed by the discounted value of the tax not paid (= \$943 / 1.06, or \$890). Subsequent rows continue in this vein. The shaded portion represent distributions to heirs, with a new divisor series of 10 . . . 1.