

Table 3: Unfortunate Outcome Rescued by Heirs' Higher Tax Rate

Age	Tax at Heirs' Future Tax Rate (39.6%)	Tax at Conversion Rate (22%)	NPV to this Point (15% / 39.6%)	Discounted Tax Savings	Cumulative Tax Savings
72			-\$22,000		
73	\$566	\$830	-\$21,466	-\$249.20	-\$249
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89	\$1,312	\$1,924	-\$13,173	-\$227.31	-\$4,119
90	\$4,652	\$2,584	-\$11,544	\$724.35	-\$3,395
91	\$4,931	\$2,740	-\$9,914	\$724.35	-\$2,670
92	\$5,227	\$2,904	-\$8,284	\$724.35	-\$1,946
93	\$5,541	\$3,078	-\$6,654	\$724.35	-\$1,222
94	\$5,873	\$3,263	-\$5,024	\$724.35	-\$497
95	\$6,225	\$3,459	-\$3,395	\$724.35	\$227
96	\$6,599	\$3,666	-\$1,765	\$724.35	\$951
97	\$6,995	\$3,886	-\$135	\$724.35	\$1,676
98	\$7,415	\$4,119	\$1,495	\$724.35	\$2,400
99	\$7,859	\$4,366	\$3,124	\$724.35	\$3,124

Note: Table 3 is identical to Table 2 up through life expectancy and only the first and last RMD rows from that table are reproduced here. In this table the heirs' tax rate is 39.6%, much higher than the taxpayer's conversion tax rate of 22%, and this suffices to overcome the \$4,119 negative NPV that is obtained at the taxpayer's death.