

Papa Joe / your two decisions

Your existing money and your new contributions can have different answers. You do not expect to need this retirement money for living expenses. We therefore compare required withdrawals, retained cash and a separate adult-child inheritance outcome.

AGE / LOCATION 60 / Florida / 0% state tax	HOUSEHOLD INCOME \$150,000 / household ordinary income
PRE-TAX RETIREMENT MONEY \$500,000 / IRA \$500,000; plans \$0	AVAILABLE OUTSIDE CASH \$200,000 / tax-payment limit \$200,000
PURPOSE Emergencies / legacy; RMDs reinvested	FAMILY COMPARISON Owner age 90 + 10 inherited-account years

LEAVE IT PRE-TAX**\$0 baseline****CONVERT ALL NOW****+\$110,722****CONVERT OVER 3 YEARS****+\$249,966**

What could your family retain after tax?

Approach	Family outcome	vs. leave pre-tax
Leave pre-tax	\$3,782,229	\$0 reference
Convert all at once	\$3,892,950	+\$110,722
Three-year conversion	\$4,032,195	+\$249,966

Your conclusion / existing money

The three-year example could leave your family \$249,966 more than leaving the account pre-tax, and \$139,244 more than converting all at once. That makes a coordinated professional review worthwhile.

This is a hypothetical family-wealth result at the end of the stated lifetime and inheritance periods, not cash saved today or guaranteed tax savings. It includes conversion costs, retained outside cash, reinvested after-tax distributions and inheritance taxes. Results for existing money and new contributions are not added.

Your three-year plan / what changes the result

The illustrative conversion schedule

Year / age	Gross retirement debit	To Roth	Income tax / top rate
1 / 60	\$174,861	\$174,861	\$40,095 / 24.0%
2 / 61	\$174,861	\$174,861	\$40,095 / 24.0%
3 / 62	\$174,861	\$174,861	\$40,095 / 24.0%

The schedule uses equal gross withdrawals sized to finish in three years while remaining pre-tax money grows. Total gross withdrawals are \$524,584. They can exceed the original balance because the unconverted balance grows. It is an illustration, not a globally optimized tax schedule.

Tax costs and forced withdrawals / keep the views separate

Item	Leave pre-tax	All now	Three years
Conversion income tax	\$0	\$138,429	\$120,284
Early-withdrawal tax	\$0	\$0	\$0
Owner RMD income tax through age 90	\$205,142	\$0	\$0
Heir IRA income tax / 10 years	\$310,484	\$0	\$0

What creates the opportunity

Traditional IRA RMDs can force taxable withdrawals even when you do not need income. A fully converted Roth IRA has no lifetime owner RMDs. Your retained after-tax RMD money still belongs to your family and stays in the comparison.

Without conversion, the first modeled RMD is \$42,255 at age 75. With the full three-year conversion completed, owner RMDs on these converted dollars are eliminated. Remaining unconverted accounts would still have their own rules.

Your new contributions / the route can change

Coordinate income limits with your conversion

Route	During year 1 of the 3-year plan	After the 3-year plan
Direct Roth IRA	Available for the illustrated amount	Available at \$150,000 assumed MAGI
Traditional IRA	Contribution can be allowed; deduction is not available in this case	Allowed contribution; no deduction in this case
Backdoor Roth	Unnecessary for this amount	Not needed; direct is simpler

Taxable conversion income is excluded from Roth IRA contribution MAGI, but still counts for ordinary income tax and traditional IRA deduction limits. Year 1 combines \$150,000 of ordinary income with \$174,861 of taxable retirement debit for income tax. Your estimated Roth contribution MAGI is \$150,000. Any retirement money withheld for taxes is not converted and can still affect MAGI. Existing pre-tax IRAs can also make a backdoor conversion taxable. Clearing them may change later access; year-end balances and Form 8606 matter.

+\$4,640

Separate new-saving example after the three-year plan: Direct Roth IRA versus nondeductible traditional IRA. \$7,500/year for 10 years.

Your conclusion / future money

Once the conversion plan is complete, Direct Roth IRA could leave more after tax than the illustrated traditional IRA. Your assumed income then permits direct Roth contributions, so a backdoor would add unnecessary steps.

This future example assumes continued earnings, unused IRA room and no other pre-tax IRAs. During conversion years, Roth workplace-plan contributions may remain available under separate rules.

Your assumptions / what to confirm

Hypothetical inputs

Age 60; \$500,000 IRA; \$0 company plan; \$200,000 outside cash; \$150,000 household income. The Papa Joe sample changes the earlier age-48 / \$450,000-income / \$50,000-cash facts. Your actual report must use your actual answers.

Same starting resources

All paths retain unspent cash; conversion costs use the same assets. Cumulative taxes are not annual bills or amounts to add to the benefit. 5.0% nominal annual growth for all accounts, zero fees. A 2% taxable distribution yield is taxed at 15%; reinvested proceeds increase basis. Cash-raising sales and final gains are taxed at 15%.

Tax rules held fixed

2026 basic federal brackets and deduction; \$150,000 current income, \$150,000 in later conversion years and \$150,000 other retirement income. State rate 0.0%. No inflation, NIIT, AMT, QBI, senior deductions, credits or future law changes.

Owner withdrawals

Owner RMDs use prior year-end IRA values and Uniform Lifetime Table, starting at age 75. After-tax withdrawals remain family assets unless needed for spending. Living-income comparisons fund the same net spending in every path. Special spouse-age and plan rules require review.

Family endpoint

Assume death at 90 and a direct adult-child beneficiary, age 50 in the first inherited year. A spouse-first inheritance is not modeled. Traditional IRA takes annual inherited RMDs when required, then empties by year 10. Inherited Roth also empties in year 10; qualified holding rules assumed. Heir IRA tax 24.0%. Taxable assets receive an assumed basis reset; IRAs do not.

New contributions

Separate saving begins after year 3, with earnings and unused room continuing. Both spouses covered at work; no additional pre-tax IRAs remain. Same deposits and return; any traditional deduction tax saving is reinvested and basis recovered tax-free. IRA earnings tax 24.0%. No wife's contributions added.

Sensitivity and limits

At otherwise identical sample facts, 4% growth gives about +\$154,682; 6% gives +\$395,825. An age-85 endpoint gives +\$162,316; age 95 gives +\$378,866. These are scenarios, not probabilities. Medicare, Social Security, estate taxes, trusts and fees could change actual results.

Educational example. Sources: IRS Publications 590-A/590-B, Rev. Proc. 2025-32, Notice 2025-67 and Form 8606. Rounded estimates, not instructions to transact.