## Table 1: Tax Paid for a Roth Account

|  | Tax paid inside | Tax paid outside |  |
| :--- | :---: | :---: | :---: |
| Wealth at time of conversion <br> given tax rate of $\mathbf{2 5 \%}$ |  |  |  |
| Future values | $\mathbf{\$ 7 5 , 0 0 0}$ in Roth | $\mathbf{\$ 1 0 0 , 0 0 0}$ in Roth | $\mathbf{- \$ 2 5 , 0 0 0}$ to IRS |
| After 1 year at $r=10 \%$ and $r$-taxed $=8.5 \%$ | $\$ 82,500$ | $\$ 110,000$ | $-\$ 27,125$ |
| $\ldots 2$ years | $\$ 90,750$ | $\$ 121,000$ | $-\$ 29,431$ |
| $\ldots 3$ years | $\$ 99,825$ | $\$ 133,100$ | $-\$ 31,932$ |

