

Table 2: Unfortunate Outcome—Future Tax Rate Lower than Conversion Tax

Age	Tax at Unexpected Future Tax Rate (15%)	Tax at Conversion Rate (22%)	NPV to this Point (15%)	Discounted Tax Savings (loss)	Cumulative Tax Savings	Cumulative % Total NPV
72			-\$22,000			
73	\$566	\$830	-\$21,466	-\$249	-\$249	3.6%
74	\$601	\$882	-\$20,931	-\$250	-\$499	7.1%
75	\$636	\$933	-\$20,397	-\$249	-\$748	10.7%
76	\$673	\$987	-\$19,863	-\$249	-\$997	14.2%
77	\$709	\$1,040	-\$19,333	-\$247	-\$1,244	17.8%
78	\$750	\$1,100	-\$18,805	-\$247	-\$1,491	21.3%
79	\$794	\$1,164	-\$18,277	-\$246	-\$1,738	24.8%
80	\$839	\$1,231	-\$17,750	-\$246	-\$1,983	28.3%
81	\$883	\$1,295	-\$17,227	-\$244	-\$2,227	31.8%
82	\$934	\$1,370	-\$16,706	-\$243	-\$2,471	35.3%
83	\$982	\$1,440	-\$16,188	-\$241	-\$2,712	38.7%
84	\$1,038	\$1,523	-\$15,672	-\$241	-\$2,953	42.2%
85	\$1,091	\$1,600	-\$15,161	-\$239	-\$3,191	45.6%
86	\$1,145	\$1,680	-\$14,655	-\$236	-\$3,428	49.0%
87	\$1,202	\$1,763	-\$14,153	-\$234	-\$3,662	52.3%
88	\$1,251	\$1,835	-\$13,661	-\$230	-\$3,892	55.6%
89	\$1,312	\$1,924	-\$13,173	-\$227	-\$4,119	58.8%
90	\$1,762	\$2,584	-\$12,556	-\$288	-\$4,407	63.0%
91	\$1,868	\$2,740	-\$11,939	-\$288	-\$4,695	67.1%
92	\$1,980	\$2,904	-\$11,321	-\$288	-\$4,983	71.2%
93	\$2,099	\$3,078	-\$10,704	-\$288	-\$5,271	75.3%
94	\$2,225	\$3,263	-\$10,087	-\$288	-\$5,560	79.4%
95	\$2,358	\$3,459	-\$9,469	-\$288	-\$5,848	83.5%
96	\$2,500	\$3,666	-\$8,852	-\$288	-\$6,136	87.7%
97	\$2,650	\$3,886	-\$8,235	-\$288	-\$6,424	91.8%
98	\$2,809	\$4,119	-\$7,617	-\$288	-\$6,712	95.9%
99	\$2,977	\$4,366	-\$7,000	-\$288	-\$7,000	100.0%

Note: Balances and RMD amounts, and the discount rate of 6%, are the same as in Table 1 and omitted. Tax savings are now tax losses, so when distribution is complete, only \$15,000 of the \$22,000 conversion tax has been defrayed, leaving an NPV of -\$7,000.