



Inherited IRA vs. Inherited Roth IRA

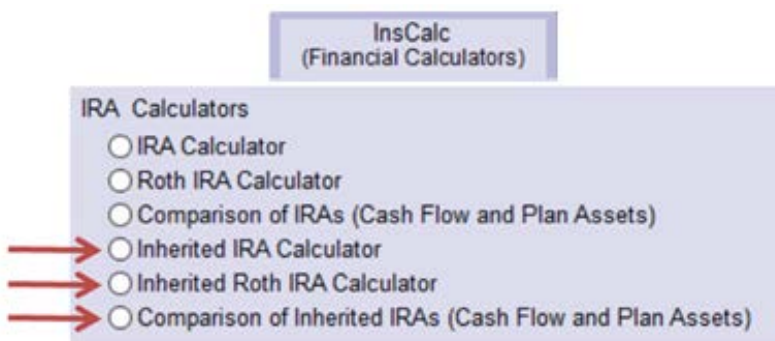
Source of Calculation Data

Wealthy and Wise®

Source of Calculation Data

In the Wealthy and Wise analysis for [Blog #150](#), we compared keeping a \$600,000 IRA or converting it to a Roth with the income tax caused by the conversion funded by way of asset withdrawal. In order to do the inherited comparison, we need to know the value of the IRA and the Roth at a selected point in future. (We arbitrarily picked 35 years in the future, the parents' age 95; Scott's age 65.)

Provided you know these values, you can use three of the calculators in the InsMark Illustration System for your wealth analysis for Scott. These calculators are located on the InsCalc tab of the InsMark Illustration System:



At the parent's age 95, values in the IRA and Roth IRA are as follows:

\$1,262,826 – IRA

\$5,375,151 – Roth IRA

Note: The reason there is over 4 times as much value in the Roth is because it, unlike the IRA, has no required minimum distributions.

You need to access two reports in Wealthy and Wise to know these numbers:

- The first is the Defined Contribution Transfer Tax (Summary) report in the Wealthy and Wise digital workbook named *Blog #150!ww* that I made available to you in a download in [Blog #150](#). It is available in Scenario #1.
- The second is the Roth Defined Contribution Transfer Tax (Summary) report also in the same digital workbook file. See either Scenario #2 or #3.

Be patient as you go through the following two pages.

Defined Contribution Transfer Tax Summary

Column (5) is the balance in the Baxters' IRA in this Wealthy and Wise report from Blog #150.

You need to know this number to illustrate the Inherited IRA for Scott in the InsMark Illustration System (based on the year you assume the Inherited IRA begins).

Year	M/F Ages	(1) Plan Assets in Estate	(2) Estate Tax on Plan Assets	(3) Income Tax on Plan Assets**	(4) Total Taxes Attributed to Plan Assets	(5) Heirs After Tax Plan Assets (1) - (4)	(6) Percent Loss Due to Tax
1	60/60	638,790	0	0	0	638,790	0%
2	61/61	680,088	0	0	0	680,088	0%
3	62/62	724,056	0	0	0	724,056	0%
4	63/63	770,866	0	0	0	770,866	0%
5	64/64	820,702	0	0	0	820,702	0%
6	65/65	873,760	0	0	0	873,760	0%
7	66/66	930,249	0	0	0	930,249	0%
8	67/67	990,390	0	0	0	990,390	0%
9	68/68	1,054,419	0	0	0	1,054,419	0%
10	69/69	1,122,587	0	0	0	1,122,587	0%
11	70/70	1,151,544	0	0	0	1,151,544	0%
12	71/71	1,179,728	0	0	0	1,179,728	0%
13	72/72	1,206,935	0	0	0	1,206,935	0%
14	73/73	1,232,940	0	0	0	1,232,940	0%
15	74/74	1,257,496	0	0	0	1,257,496	0%
16	75/75	1,280,331	0	0	0	1,280,331	0%
17	76/76	1,301,145	0	0	0	1,301,145	0%
18	77/77	1,319,921	0	0	0	1,319,921	0%
19	78/78	1,336,029	0	0	0	1,336,029	0%
20	79/79	1,349,460	0	0	0	1,349,460	0%
21	80/80	1,359,873	0	0	0	1,359,873	0%
22	81/81	1,366,906	0	0	0	1,366,906	0%
23	82/82	1,370,173	0	0	0	1,370,173	0%
24	83/83	1,369,260	0	0	0	1,369,260	0%
25	84/84	1,363,733	0	0	0	1,363,733	0%
26	85/85	1,353,797	0	0	0	1,353,797	0%
27	86/86	1,339,099	0	0	0	1,339,099	0%
28	87/87	1,319,278	0	0	0	1,319,278	0%
29	88/88	1,293,973	0	0	0	1,293,973	0%
30	89/89	1,262,826	0	0	0	1,262,826	0%
31	90/90	1,226,532	0	0	0	1,226,532	0%
32	91/91	1,184,917	0	0	0	1,184,917	0%
33	92/92	1,137,844	0	0	0	1,137,844	0%
34	93/93	1,085,218	0	0	0	1,085,218	0%
35	94/94	1,028,413	0	0	0	1,028,413	0%

Enter this number in this prompt on the Basic Data tab in the Inherited IRA Calculator:

Year of Decedent's death: 2046

Value at inheritance:

You can see the rest of the data input I entered in the proposal named 1. Inherited IRA in the InsMark Illustration System digital workbook file named *Blog #152 (Inherited IRAs)!!* that is available in the download section of Blog #152.

Next is the data for the inherited Roth IRA.

Roth Defined Contribution Transfer Tax Summary

Column (5) is the balance in the Baxters' Roth IRA in this Wealthy and Wise report from Blog #150.

You need to know this number to illustrate the Inherited Roth IRA for Scott in the InsMark Illustration System (based on the year you assume the Inherited Roth IRA begins).

Year	M/F Ages	(1) Plan Assets in Estate	(2) Estate Tax on Plan Assets	(3) Income Tax on Plan Assets	(4) Total Taxes Attributed to Plan Assets	(5) Heirs After Tax Plan Assets (1) - (4)	(6) Percent Loss Due to Tax
1	60/60	85,172	0	0	0	85,172	0%
2	61/61	175,850	0	0	0	175,850	0%
3	62/62	272,391	0	0	0	272,391	0%
4	63/63	375,173	0	0	0	375,173	0%
5	64/64	484,600	0	0	0	484,600	0%
6	65/65	601,101	0	0	0	601,101	0%
7	66/66	725,134	0	0	0	725,134	0%
8	67/67	857,186	0	0	0	857,186	0%
9	68/68	997,775	0	0	0	997,775	0%
10	69/69	1,122,585	0	0	0	1,122,585	0%
11	70/70	1,195,160	0	0	0	1,195,160	0%
12	71/71	1,272,427	0	0	0	1,272,427	0%
13	72/72	1,354,689	0	0	0	1,354,689	0%
14	73/73	1,442,270	0	0	0	1,442,270	0%
15	74/74	1,535,513	0	0	0	1,535,513	0%
16	75/75	1,634,784	0	0	0	1,634,784	0%
17	76/76	1,740,473	0	0	0	1,740,473	0%
18	77/77	1,852,995	0	0	0	1,852,995	0%
19	78/78	1,972,791	0	0	0	1,972,791	0%
20	79/79	2,100,332	0	0	0	2,100,332	0%
21	80/80	2,236,118	0	0	0	2,236,118	0%
22	81/81	2,380,683	0	0	0	2,380,683	0%
23	82/82	2,534,594	0	0	0	2,534,594	0%
24	83/83	2,698,456	0	0	0	2,698,456	0%
25	84/84	2,872,911	0	0	0	2,872,911	0%
26	85/85	3,058,645	0	0	0	3,058,645	0%
27	86/86	3,256,386	0	0	0	3,256,386	0%
28	87/87	3,466,911	0	0	0	3,466,911	0%
29	88/88	3,691,047	0	0	0	3,691,047	0%
30	89/89	3,929,673	0	0	0	3,929,673	0%
31	90/90	4,183,726	0	0	0	4,183,726	0%
32	91/91	4,454,204	0	0	0	4,454,204	0%
33	92/92	4,742,168	0	0	0	4,742,168	0%
34	93/93	5,048,749	0	0	0	5,048,749	0%
35	94/94	5,375,151	0	0	0	5,375,151	0%

Enter this number in this prompt on the Basic Data tab in the Inherited Roth IRA Calculator:

Year of Decedent's death: 2046

Value at inheritance: \$5,375,151

You can see the rest of the data input I entered in the proposal named 2. Inherited Roth IRA in the InsMark Illustration System digital workbook file named *Blog #152 (Inherited IRAs)!!!* that is available in the download section of Blog #152.

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