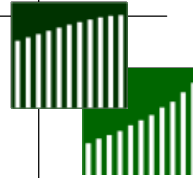


# Roth Conversion Comparison Analysis

## Phase 1

Income to match your lifestyle  
and preserve your wealth



## Phase 2

Continuing income for  
spousal security and  
independence

**Prepared For :** \_\_\_\_\_

January 06, 2012

**Prepared By :** \_\_\_\_\_

Financial Analyst  
First Financial of Sewickley

This information is hypothetical and is provided for informational purposes only. It is not intended to represent any specific return, yield, or investment, nor is it indicative of future results. Information provided by you has not been verified by our firm.

# Contents & Disclosure

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## Important Disclosure Regarding Illustration of the "Roth Conversion"

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The following presentation tracks and projects a Traditional IRA balance through retirement and compares its activities and events with those of that same Traditional IRA balance that's been converted to a Roth IRA. This presentation can only provide broad general guidelines, which may be helpful in shaping your thinking about the decision on whether to convert a portion of or all of a given IRA balance to a Roth IRA

It is important to recognize that in computing and illustrating this hypothetical retirement projection:

- i) This illustration assumes the original owner (and spouse if applicable) will have no need for income from the IRA in excess of the retirement needs indicated.
- ii) This illustration assumes that all distributions are taken at year's end (12/31), by the client (and spouse if applicable).
- iii) This illustration is not meant to be and cannot be precise about any future events that are reflected within. All rates of return are hypothetical and are not a guarantee of the future performance of any financial product. In addition, income and capital projections reflect the impact of estimated federal income taxes only, when applicable. Many, but not all, states follow the federal rules regarding the deductibility of contributions and the taxability of distributions from IRAs. Because of the variability of state specific income taxation this illustration does not show any estimated state tax calculations.

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# Initial Information & Assumptions

## Analysis - Initial Data, Assumptions & Options

### Analysis Info

Analysis Date : 01/06/2012  
2012 Conversion Date : 01/06/2012

### Client Info

Name : Joe Sample  
DOB / Age : 05/09/1947 / 65  
Retirement Age : 66  
Illustrate To Age/Yr. : 86 / 2033

### Current - Pre-Retirement

@PV of 2012 Conversion & Tax Rate : **\$54,386 (28.00%)**  
Traditional IRA & Roth IRA ROI : 6.00%  
Net Savings ROI : 4.00%

### Account Balances (As of 01/06/2012)

Traditional IRA : \$200,000  
Savings : \$54,386

### Spouse Info

Name : Jane Sample  
DOB / Age : 01/04/1952 / 60  
Illustrate To Age/Yr. : 85 / 2037

### Post Conversion - Retirement Period

Income Tax Rate : 15.00%  
Traditional & Roth ROI : 5.00%  
Net Savings ROI : 3.00%

## Discussion Of Presentation Graphs & Ledgers

The first graph on the following page compares the ability of the different IRA account options to provide the indicated retirement income needs. The second compares the total and net account values of the two options on an annual basis through retirement. Please note that the Roth IRA, because it is not subject to income taxes, does not show any tax components, nor is there a savings balance component. On the other hand, the Traditional IRA, which is subject to required minimum distribution rules, inevitably will develop as savings account component when the RMDs distribution yield a net distribution in excess of retirement needs.

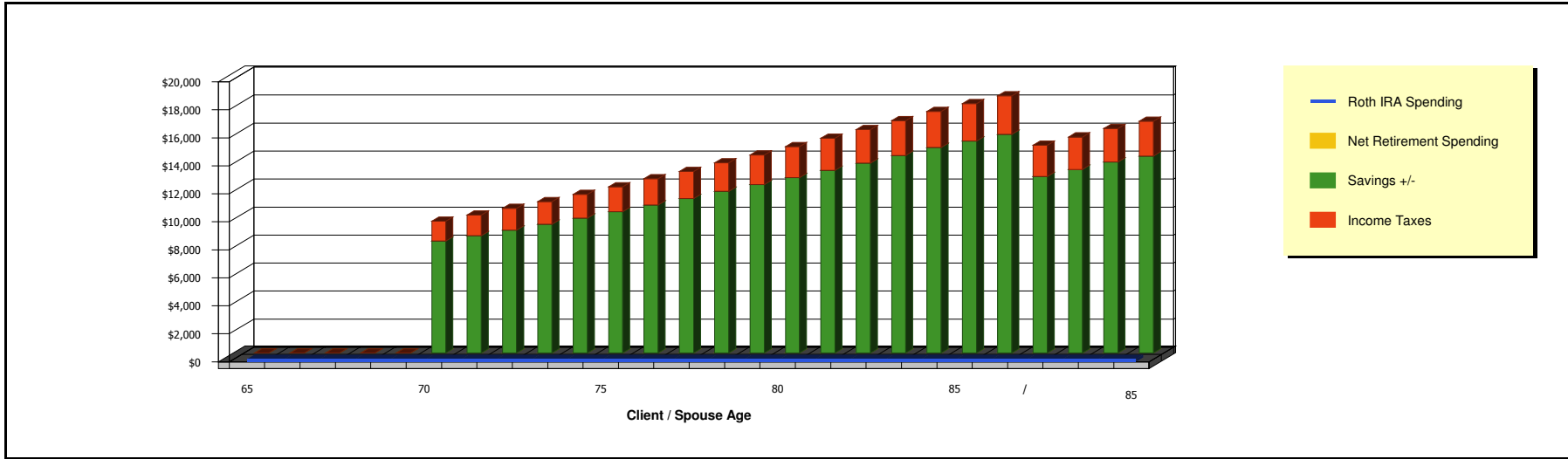
In the first graph, the blue line represents the income needs provided by the Roth IRA conversion option, the Traditional IRA (the no conversion option) is represented with 3 different elements in what is called a stacked bar. The total height of the bar represents annual gross distributions from the IRA, the red the IRA income taxes, the green the deposits to or from savings and the gold the income need being provided by this option.

In the second graph, the blue line represents the Roth IRA balance, the Traditional IRA (the no conversion option) is represented with 3 different elements, in what is called a stacked bar. The total height of the bar represents the total of the account balances, the red the IRA estimated lump sum income tax, the green the savings balance and the gold the net IRA value after the estimated lump sum income tax.

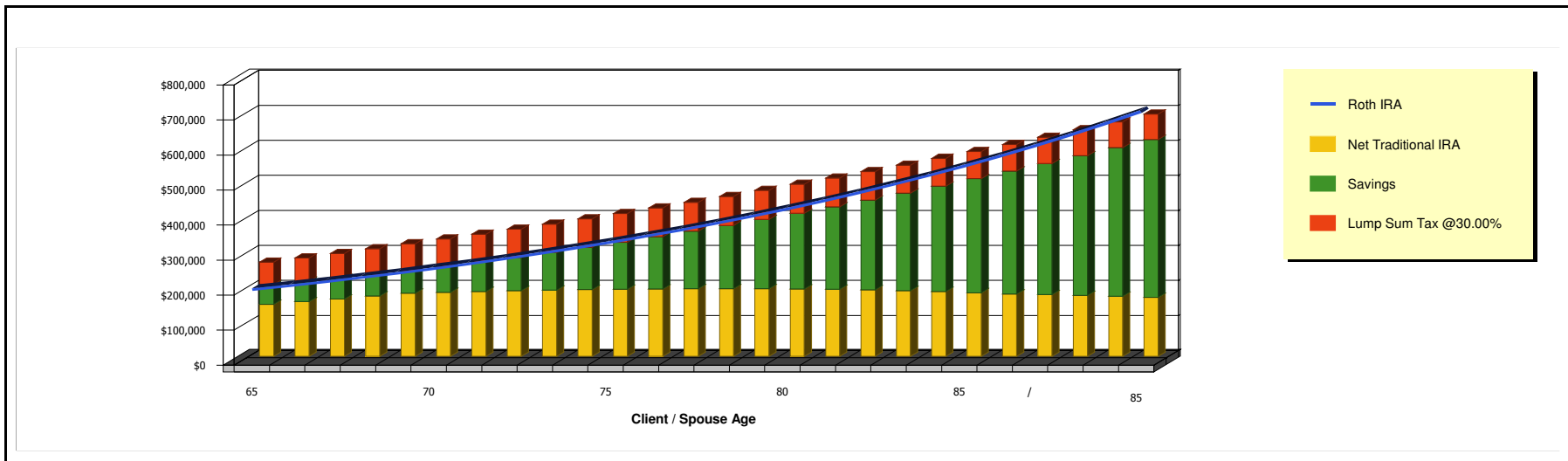
Please note: For years in which the savings account is used to provide a portion or all of the income needs, that savings withdrawal amount will show below the zero line to reflect a withdrawal, not a deposit. In addition, the ledger page(s) that follows will provide the detail on which both graphs are based.

# Comparison Of Traditional IRA vs Roth Conversion Options

## Retirement Income Need (Spending) Comparison



## Retirement Account Balance Comparison



# Comparative Summary Income Ledger

## Net Income Ledger (No Conversion vs 2012 Conversion Taxes From Savings)

Age / LX	No Conversion						2012 Conversion					
	Traditional IRA			Savings			Roth IRA ./ Savings					
	Earnings	Distribution (* RMD)	Income Taxes	Net Spending	Net to Savings	IRA Balance	Earnings	Net Deposit From IRA	Savings Balance	Earnings	Spending	Balance
01/06/2012						\$200,000			\$54,386			\$200,000
<b>Conversion</b>												<b>\$54,386</b>
65	11,868	0	0	0	0	211,868	2,152	0	56,538	11,868	0	211,868
<b>12 RC Tax</b>										<b>1,614</b>	<b>56,000</b>	<b>0</b>
66	10,593	0	0	0	0	222,462	1,696	0	58,234	10,593	0	222,462
67	11,123	0	0	0	0	233,585	1,747	0	59,981	11,123	0	233,585
68	11,679	0	0	0	0	245,264	1,799	0	61,780	11,679	0	245,264
69	12,263	0	0	0	0	257,527	1,853	0	63,634	12,263	0	257,527
70 / 27.4	12,876	9,399	1,410	0	7,989	261,005	1,909	7,989	73,532	12,876	0	270,404
71 / 26.5	13,050	9,849	1,477	0	8,372	264,206	2,206	8,372	84,110	13,520	0	283,924
72 / 25.6	13,210	10,321	1,548	0	8,772	267,096	2,523	8,772	95,405	14,196	0	298,120
73 / 24.7	13,355	10,814	1,622	0	9,192	269,637	2,862	9,192	107,459	14,906	0	313,026
74 / 23.8	13,482	11,329	1,699	0	9,630	271,790	3,224	9,630	120,313	15,651	0	328,678
75 / 22.9	13,589	11,869	1,780	0	10,088	273,510	3,609	10,088	134,011	16,434	0	345,111
76 / 22.0	13,676	12,432	1,865	0	10,567	274,754	4,020	10,567	148,598	17,256	0	362,367
77 / 21.2	13,738	12,960	1,944	0	11,016	275,531	4,458	11,016	164,072	18,118	0	380,485
78 / 20.3	13,777	13,573	2,036	0	11,537	275,735	4,922	11,537	180,532	19,024	0	399,510
79 / 19.5	13,787	14,140	2,121	0	12,019	275,381	5,416	12,019	197,967	19,975	0	419,485
80 / 18.7	13,769	14,726	2,209	0	12,517	274,424	5,939	12,517	216,423	20,974	0	440,459
81 / 17.9	13,721	15,331	2,300	0	13,031	272,814	6,493	13,031	235,947	22,023	0	462,482
82 / 17.1	13,641	15,954	2,393	0	13,561	270,501	7,078	13,561	256,586	23,124	0	485,606
83 / 16.3	13,525	16,595	2,489	0	14,106	267,431	7,698	14,106	278,390	24,280	0	509,887
84 / 15.5	13,372	17,254	2,588	0	14,666	263,549	8,352	14,666	301,407	25,494	0	535,381
85 / 14.8	13,177	17,807	2,671	0	15,136	258,919	9,042	15,136	325,586	26,769	0	562,150
<b>86 / 14.1</b>	12,946	18,363	2,754	0	15,609	253,502	9,768	15,609	350,962	28,108	0	590,258
82 / 17.1	12,675	14,825	2,224	0	12,601	251,352	10,529	12,601	374,092	29,513	0	619,771
83 / 16.3	12,568	15,420	2,313	0	13,107	248,500	11,223	13,107	398,422	30,989	0	650,759

# Comparative Summary Income Ledger Continued

## Net Income Ledger (No Conversion vs 2012 Conversion Taxes From Savings)

Age / LX	No Conversion						2012 Conversion					
	Traditional IRA			Savings			Roth IRA ./ Savings					
	Earnings	Distribution (* RMD)	Income Taxes	Net Spending	Net to Savings	IRA Balance	Earnings	Net Deposit From IRA	Savings Balance	Earnings	Spending	Balance
84 / 15.5	12,425	16,032	2,405	0	13,627	244,892	11,953	13,627	424,002	32,538	0	683,297
85 / 14.8	12,245	16,547	2,482	0	14,065	240,590	12,720	14,065	450,787	34,165	0	717,462
	<b>336,130</b>	<b>295,540</b>	<b>44,331</b>	<b>0</b>	<b>251,209</b>		<b>145,191</b>	<b>251,209</b>		<b>517,462</b>	<b>0</b>	