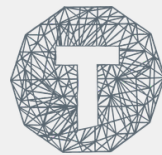


The Blueprint For Roth Conversions in Retirement

The Step-By-Step Guide to Navigating
Roth Conversions For Retirement



T H E O R E M
WEALTH MANAGEMENT



If You Only Read One Page – Read This

Your Roth Conversion Decisions Drive Your Retirement Tax Plan.

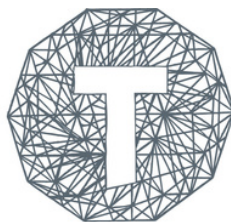
The decisions you make about when and how much to convert to Roth are some of the most impactful and irreversible tax choices you'll make in retirement and the years leading up to it.

Why Roth Conversion Planning Matters:

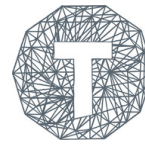
- The timing of conversions can influence long-term tax outcomes
- Larger conversions can affect Medicare premiums in future years
- Conversions may change how much of your Social Security is taxable
- Roth balances can reduce future RMDs and long-term tax exposure

The 3 biggest questions this guide will answer:

- 1. When should you convert to Roth to minimize lifetime taxes and avoid Medicare premium spikes?**
- 2. How much should you convert each year without jumping into higher tax brackets or IRMAA tiers?**
- 3. When do Roth conversions make sense, and when do they backfire?**



T H E O R E M
WEALTH MANAGEMENT



WHAT IS A ROTH CONVERSION?

A Roth conversion is the process of moving money from a traditional retirement account, such as a Traditional IRA or pre-tax 401(k), into a Roth IRA. When you do this, you pay ordinary income taxes on the amount you convert today, but that money can then grow and be withdrawn tax-free in the future as long as you follow the Roth IRA rules.

WHAT TAXES YOU PAY AND WHEN YOU PAY THEM

When you complete a Roth conversion, the amount you convert is treated as taxable income in that year. This means the conversion can increase your tax bill and potentially move you into a higher tax bracket if the conversion is too large. Many people choose to spread Roth conversions across multiple years to manage their tax brackets and avoid creating an unnecessarily large tax bill in any single year.

For example, if you move \$50,000 from your Traditional IRA into a Roth IRA, that \$50,000 is added to your taxable income for the year. You pay income tax on it now, but future withdrawals from the Roth can be tax-free.

WHAT A ROTH CONVERSION DOES NOT DO

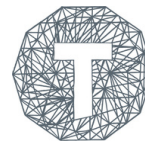
A Roth conversion does not eliminate taxes altogether; it changes when you pay them. It does not guarantee that your taxes will be lower in the future, because future tax rates are uncertain. It also does not replace the need for an overall retirement income strategy, because Roth conversions are only one part of a broader plan that includes Social Security timing, Medicare planning, and withdrawal strategy.

WHY IS A ROTH CONVERSION IMPORTANT?

WHY PEOPLE CONSIDER ROTH CONVERSIONS:

- They can lower lifetime taxes
- They can reduce future required withdrawals (RMDs)
- They can provide more tax flexibility in retirement

Many people choose to convert to Roth because it can lower their lifetime tax bill. By paying taxes now, they reduce the amount of money that will be taxed later in retirement. This can also lower future Required Minimum Distributions (RMDs), which are mandatory taxable withdrawals that begin later in retirement, and it can provide more flexibility when managing taxes year by year.



BEST TIMES TO CONSIDER A ROTH CONVERSION

Roth conversions work best in specific years when your income and tax rate are lower and the impact on Medicare and Social Security is minimized. The goal isn't to convert as much as possible. It's to convert when the total cost of doing so is lowest.

THE YEARS AFTER YOU STOP WORKING BUT BEFORE SOCIAL SECURITY STARTS

This period is often a low-income window because your paycheck has stopped, but Social Security hasn't started. That makes Roth conversions cheaper and more tax-efficient.

THE YEARS BEFORE REQUIRED MINIMUM DISTRIBUTIONS BEGIN

Once Required Minimum Distributions begin, the IRS forces you to take taxable withdrawals every year. That can push your income into higher tax brackets. Converting earlier can reduce future RMDs and smooth out taxes later.

THE YEARS BEFORE YOU ENROLL IN MEDICARE

After you enroll in Medicare, higher income can increase your premiums later through IRMAA. Roth conversions increase your taxable income in the year you do them. Converting before Medicare can help avoid higher healthcare costs later.

WHEN ROTH CONVERSIONS MAY NOT ADD VALUE

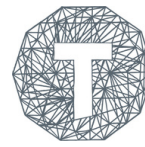
Roth conversions are powerful when timed well, but costly when done without a plan. The biggest risks come from poor timing, converting too much at once, and ignoring the impact on taxes, Medicare premiums, and cash flow. Knowing when conversions can backfire is just as important as knowing when they help.

CONVERTING TOO MUCH IN A SINGLE YEAR

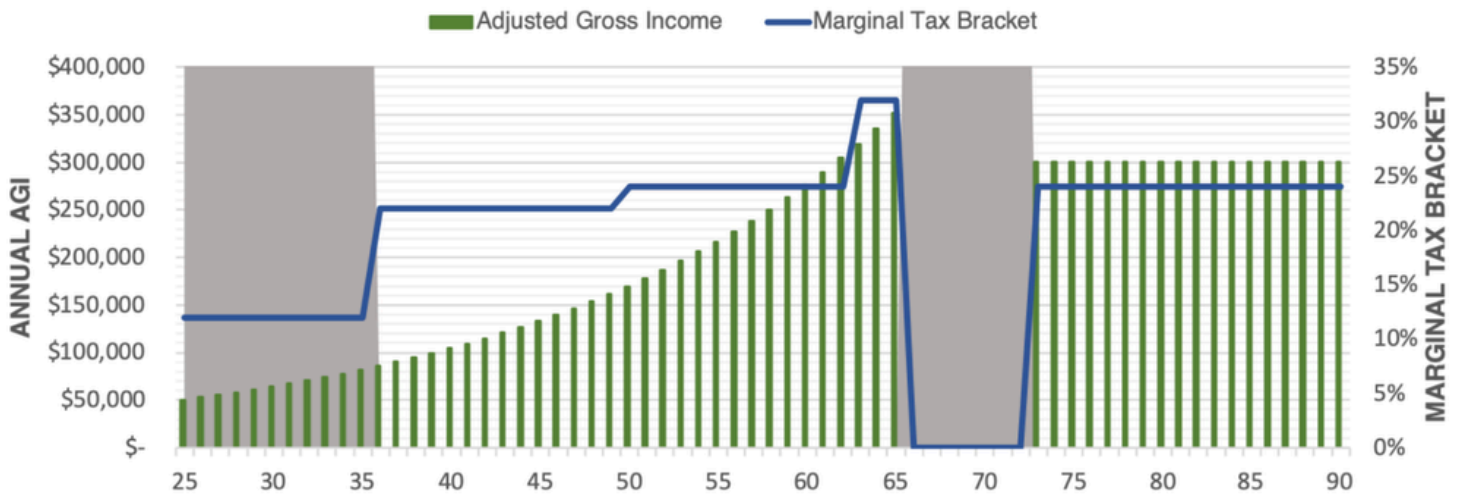
Large one-time Roth conversions can push you into higher tax brackets, making part of the conversion more expensive than necessary. Oversized conversions can cause you to prepay taxes at higher rates instead of lowering lifetime taxes. Spreading conversions over the years usually lowers the total tax cost.

TRIGGERING HIGHER MEDICARE PREMIUMS (IRMAA)

Roth conversions raise your reported income, and Medicare premiums are based on income from two years earlier. A large conversion can cause your Medicare premiums to jump for a full year, sometimes by thousands. Many people plan for the tax bill but get surprised by the later premium increase.



THE ROTH CONVERSION WINDOW VISUAL



The Green Bars Represent Your Income Over Your Lifetime:

The green bars show your income at different ages. Early in your career, income is usually lower as you build experience. Income typically rises during your working years and often peaks near retirement. When you retire, income usually drops because paychecks stop, then may rise again later as Social Security and Required Minimum Distributions begin.

The Blue Line Represents Your Tax Bracket:

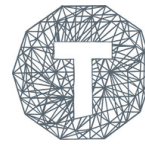
The blue line shows your marginal tax bracket at different stages of life. When your income is higher, your tax bracket is usually higher. When your income is lower, your tax bracket is usually lower. This matters because Roth decisions are fundamentally about timing your taxes. The goal is to pay taxes when your tax rate is lower instead of waiting and paying higher taxes later.

The Gray Shaded Areas Represent the Best Roth Opportunities:

The gray shaded areas show the two main times in life when Roth strategies are most effective. These are periods when income and tax rates are typically lower, which makes Roth contributions and Roth conversions more tax-efficient.

Opportunity #1: The first window is early in your career, when income and tax rates are usually lower. This is often a good time to make Roth IRA contributions because you can pay taxes at a lower rate and allow the money to grow tax-free for many years.

Opportunity #2: The second window is the period after you retire but before Social Security and Required Minimum Distributions begin. During this time, income often drops, which can place you in a lower tax bracket. This window is often ideal for Roth conversions because you can move money into Roth accounts while paying lower taxes than you may face later.



ROTH CONVERSION CONSIDERATION CHECKLIST

Check the boxes that apply to you

- My future tax rate may be higher than today
- I expect large required minimum distributions
- I can pay conversion taxes with non-retirement funds
- I don't need converted money for near-term spending
- I want more tax-free flexibility in retirement

If you checked 3 or more boxes:

Roth conversion planning may be worth exploring further.

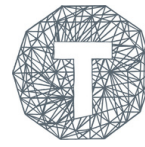
If you checked 1-2 boxes:

Roth conversions may still help in certain years, but timing and amounts matter.

If you checked 0 boxes:

Roth conversions may offer limited benefit, and other tax strategies may be more effective.

Note: Roth conversions are not an “all or nothing” decision. They are most effective when used strategically, in the right years, and in the right amounts, as part of a broader retirement income and tax plan.

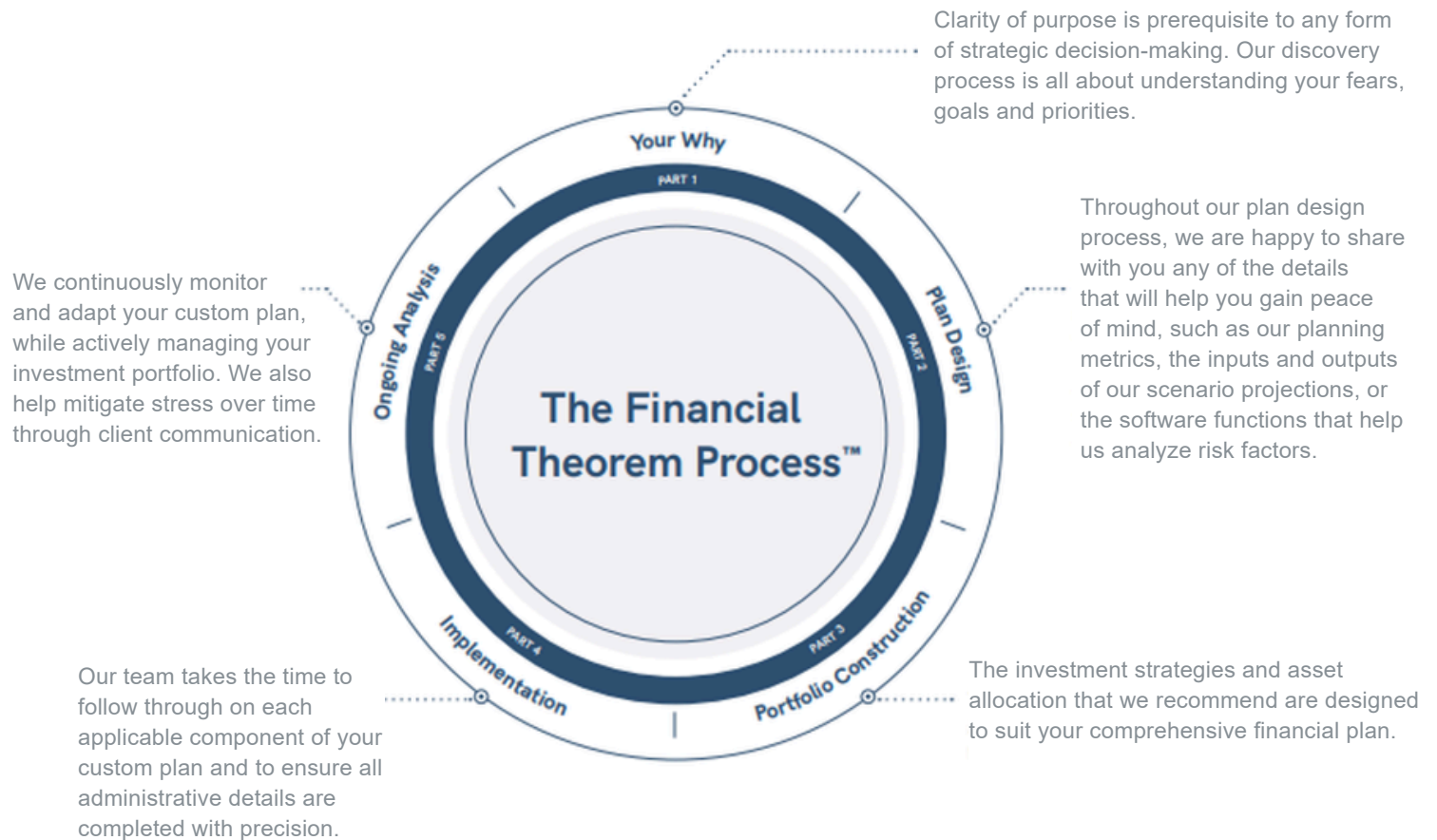


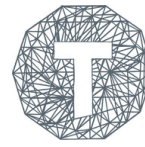
IN SUMMARY

As discussed throughout this guide, your Roth conversion decisions should be coordinated with your broader retirement strategy — including Social Security timing, investment horizon, tax planning, inflation expectations, and when you and your spouse stop working. Roth Conversions does not exist in a vacuum, and the right choice depends on your full financial picture.

THE THEOREM PROCESS

At Theorem Wealth Management, our process is designed to understand your goals, both short term and long term. We take your entire financial picture into consideration. Decisions like Roth Conversions are planned using a multi-scenario analysis, to ensure we are analyzing the long term impacts of every financial decision.





THEOREM WEALTH MANAGEMENT CAN HELP

Retirement income planning is only one part of your retirement strategy. Theorem Wealth Management can create a strategy that is based on your unique needs and goals. Your retirement strategy is what should drive your investment decisions.

FIDUCIARY STANDARD OF CARE

At Theorem Wealth Management, we are an independent firm committed to helping you reach your goals through conflict free advice. We are a fiduciary, bound by law to put our clients' best interests above all else.

A TAILORED APPROACH

We do not believe in a one size fits all approach. We create a personalized portfolio tailored to your unique financial goals.

BEST IN CLASS

Our CEO, Johnathan Rankin was named a Forbes Best-in-State Next Generation Wealth Advisor*, an accolade that represents both quantitative and qualitative achievements in his work within the wealth services field. The ranking is designed to help families identify local professionals who deliver an exceptional level of comprehensive service and expertise.

We believe Theorem Wealth Management can help you reduce the stress of financial management and the major decisions that need to be made when considering retirement.

A second set of eyes on your financial future is always a good idea. If you want an experienced financial professional to review your portfolio and financial goals, [click here for a complimentary evaluation](#).

We look forward to hearing from you.

*Source: Forbes "Best-in-State Next-Generation Wealth Advisors" list, September 4, 2019. Forbes "Best-in-State Next-Generation Wealth Advisors" list was developed by SHOOK Research. Advisors considered for this ranking were born in 1980 or later with a minimum 4 years relevant experience; advisors have: built their own practices and lead their teams; joined teams and are viewed as future leadership; or a combination of both. Ranking algorithm is based on qualitative measures: telephone and in-person interviews, client retention, industry experience, credentials, review of compliance records, firm nominations; and quantitative criteria, such as: assets under management and revenue generated for their firms. Investment performance is not a criteria because client objectives and risk tolerances vary, and advisors rarely have audited performance reports. Rankings are based on the opinions of SHOOK Research, LLC and not representative nor indicative of any one client's experience, future performance, or investment outcome. Neither Forbes nor SHOOK Research receives compensation in exchange for placement on the ranking. Forbes is a trademark of Forbes Media LLC. All rights reserved. Rankings and recognition from Forbes are no guarantee of future investment success and do not ensure that a current or prospective client will experience a higher level of performance results and such rankings should not be construed as an endorsement of the advisor.

Theorem Wealth Management is a DBA of Sanctuary Securities, Inc. and Sanctuary Advisors, LLC. Securities offered through Sanctuary Securities, Member FINRA and SIPC. Advisory services offered through Sanctuary Advisors, LLC, an SEC registered investment advisor. Investing in securities involves a risk of loss. Past performance is never a guarantee of future returns. Example Scenarios are hypothetical situations and not based upon any one specific person or persons.