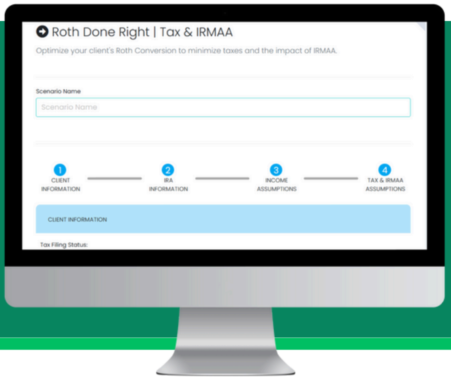
Roth Conversion Optimizer
Standard Assumptions Embedded in Software & Reports



Stonewood's Roth Conversion Optimizer software and reports include both assumptions made by the client and advisor and standard assumptions programmed into the software. Below is a list of standard assumptions made across all reports run on the software:

- **Roth Conversions** are analyzed over time frames ranging from one year to ten years.
- **Tax and IRMAA calculations** are determined only for the amount being analyzed for conversion ("analysis amount").
    - While the software asks for inputs around additional savings assets and income assumptions, those inputs are only used to calculate an effective tax rate for the client. They are not used in the analysis itself.
- **Tax bracket thresholds** are assumed to grow at an annual rate of 2.5% to accommodate future adjustments by the IRS.
- **IRMAA bracket thresholds** are assumed to grow at an annual rate of 2.5% to accommodate future adjustments by the Centers for Medicare and Medicaid.
- **Social Security** income is assumed to grow at an annual COLA rate of 2.5%.
- **IRA assets** in addition to the analysis amount (unconverted assets remaining in a Traditional IRA) will be assumed to be distributed through RMDs only.
- All **effective tax rate** calculations assume the standard deduction is being used by the client.
- For the purpose of simplifying the input process, all **non-qualified income** will be taxed as ordinary income.
    - This input in the software is meant to capture any working income, real estate income, or liquidated taxable accounts. Some assets in this category could be subject to capital gains rates and various cost basis calculations. Please adjust the input up or down to accommodate your client's individual situation.
    - As outlined in the first bullet point on this sheet, non-qualified income is only used to calculate an effective tax rate for your client. It is not used in the Tax and IRMAA calculations themselves.
- As per current law, qualified funds converted to a Roth account cannot be used to satisfy a **Required Minimum Distribution**. In the interest of simplification, calculations in the software do not take this requirement into account. Please consider this variance when planning for clients taking RMDS during the Roth Conversion period.
- The **tax calculations** in the "Keep IRA: Required Minimum Distributions" scenario assume the effective tax rate at death is the same as the previous year's effective tax rate. Actual taxes due at death will be based on the heir's tax situation, which could be higher or lower than projected.