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Table T06-0084

Possible Elements of 2006 Tax Reconciliation Bill, Illustrative Change in Income Taxes from Roth Conversion Provision in Reported Tax Reconciliation Agreement, 2011 to 2049

Year	Revenue Change ($Millions) Calendar	Fiscal
2011	2,734	1,367
2012	2,725	2,730
2013	-146	1,289
2014	-158	-152
2015	-172	-165
2016	-181	-176
2017	-197	-189
2018	-210	-203
2019	-234	-222
2020	-256	-245
2021	-289	-273
2022	-331	-310
2023	-402	-366
2024	-443	-422
2025	-497	-470
2026	-592	-545
2027	-664	-628
2028	-722	-693
2029	-794	-758
2030	-861	-827
2031	-950	-905
2032	-1,073	-1,012
2033	-1,185	-1,129
2034	-1,299	-1,242
2035	-1,420	-1,359
2036	-1,525	-1,472
2037	-1,578	-1,551
2038	-1,550	-1,564
2039	-1,653	-1,602
2040	-1,707	-1,680
2041	-1,672	-1,689
2042	-1,714	-1,693
2043	-1,750	-1,732
2044	-1,796	-1,773
2045	-1,880	-1,838
2046	-1,887	-1,884
2047	-1,768	-1,828
2048	-1,689	-1,729
2049	-1,587	-1,638

Net Present Value = -$3,396

Source: Urban-Brookings Tax Policy Center, sample based on Microsimulation Model (version 0305-3A).

(1) Assumptions include: (1) approximately $20 billion is converted from Traditional IRA into Roth IRA in 2010; (2) rate of return on all forms of savings is 6 percent; (3) traditional IRA would be withdrawn over 15 years starting at age 70; (4) Roth IRA is held until death (also in 15 years).

(2) Table does not show the effect on estate tax receipts (which would be negative).

(3) Sources of revenue change include: (1) rollovers are taxed in 2011 and 2012 (raising revenue in the short-run); (2) money used to pay the tax comes out of a taxable savings account (losing revenue); (3) withdrawals from the traditional IRA would be taxable, starting at age 70 (losing revenue).

(4) Prepaying tax also reduces value of taxable estate for older taxpayers; not shown in estimate.