

Scenario Analysis - Professor, Peter and Paula | 2026 Roth Conversion Planning

Note - Calculations are not audited and should be reviewed with a tax professional

	SCENARIO 1 Tax Year 2025	SCENARIO 2 2026 Baseline	CHANGE Scenario 2 → Scenario 3	SCENARIO 3 2026 Roth Conversion - \$52k Fill 22% Bracket
GENERAL INFORMATION -----				
Year	2025	2026		2026
Calculation	Current Law	Current Law		Current Law
Inflation Assumption		2.00%		2.00%
INCOME -----				
1040 INCOME				
Wages	\$124,000	\$127,500		\$127,500
Taxable Interest	\$6,000	\$6,000		\$6,000
Qualified Dividends	\$15,000	\$15,250		\$15,250
Total Dividends (incl. Qualified)	\$20,000	\$20,250		\$20,250
IRA Distributions	\$9,750	\$9,750		\$9,750
Roth Conversion		\$0	+\$52,000	\$52,000
SCHEDULE D INCOME				
Short Term Capital Gains	\$2,500	\$2,500		\$2,500
Long Term Capital Gains	\$19,500 <i>LT loss to carry forward: \$0</i>	\$19,500 <i>LT loss to carry forward: \$0</i>		\$19,500 <i>LT loss to carry forward: \$0</i>
Total Capital Gains	\$22,000	\$22,000		\$22,000
SCHEDULE 1 INCOME				
Schedule C Income	\$52,900	\$54,500		\$54,500
Schedule E Income	\$11,845	\$11,845		\$11,845
Total Income	\$246,495	\$251,845	+\$52,000	\$303,845
Schedule 1 Deductions	\$3,737	\$3,850		\$3,850
Adjusted Gross Income	\$242,757	\$247,995	+\$52,000	\$299,995
Standard/Itemized Deductions	\$46,500	\$45,260 <i>(itemized)</i>	-\$260	\$45,000 <i>(itemized)</i>
QBI Deduction	\$9,832	\$10,900		\$10,900
Taxable Income	\$186,425	\$191,835	+\$52,260	\$244,095
Total Nonrefundable Credits Applied	\$3,300	\$3,300		\$3,300

Total Tax	\$32,602	\$33,596	+\$13,397	\$46,993
Ordinary Income Marginal Bracket	22.0%	22.0%		22.0%
LT Capital Gains Marginal Bracket	15.0%	15.0%		15.0%
Effective Rate	17.5%	17.5%	+1.74%	19.3%
Total Tax (Net of Refundable Credits)	\$32,601	\$33,596	+\$13,397	\$46,993

FICA

FICA		\$9,754		\$9,754
Tax Plus FICA		\$43,350	+\$13,397	\$56,747
Effective Tax on Next \$1,000 Ordinary Income		22.1%	+3.80%	25.9%
Effective Tax on Next \$1,000 Capital Gains		15.1%	+3.80%	18.9%

FEDERAL WITHHOLDING CALCULATOR

Total Tax	\$32,602	\$33,596	+\$13,397	\$46,993
Safe Harbor 90% of Total Tax		\$30,236	+\$12,057	\$42,294
Total Withholding	\$28,000	\$31,058	+\$9,997	\$41,055
Difference	\$4,602	\$2,538	+\$3,400	\$5,938