

Table T06-0087
Short- and Long-Term Revenue Effect from Roth Conversion Provision in
2006 Tax Reconciliation Agreement, 2007 to 2049

Year	Revenue Change (\$Millions)					
	Conversions of Existing Accounts		Contributions Through Nondeductible Accounts		Total	
	Calendar	Fiscal	Calendar	Fiscal	Calendar	Fiscal
2006	0	0	0	0	0	0
2007	0	0	-64	-32	-64	-32
2008	0	0	-131	-97	-131	-97
2009	0	0	-200	-166	-200	-166
2010	0	0	-270	-235	-270	-235
2011	4,648	2,324	-155	-213	4,493	2,111
2012	4,632	4,640	-182	-168	4,451	4,472
2013	-249	2,192	-417	-299	-666	1,893
2014	-269	-259	-460	-439	-730	-698
2015	-292	-281	-511	-486	-803	-766
2016	-307	-300	-565	-538	-872	-838
2017	-334	-321	-619	-592	-953	-913
2018	-357	-346	-673	-646	-1,030	-991
2019	-397	-377	-732	-702	-1,130	-1,080
2020	-436	-417	-782	-757	-1,218	-1,174
2021	-492	-464	-838	-810	-1,331	-1,274
2022	-563	-527	-900	-869	-1,463	-1,397
2023	-683	-623	-964	-932	-1,647	-1,555
2024	-752	-718	-1,026	-995	-1,778	-1,712
2025	-846	-799	-1,088	-1,057	-1,934	-1,856
2026	-1,007	-926	-1,148	-1,118	-2,155	-2,044
2027	-1,129	-1,068	-1,197	-1,172	-2,326	-2,240
2028	-1,228	-1,179	-1,248	-1,222	-2,476	-2,401
2029	-1,349	-1,289	-1,311	-1,279	-2,660	-2,568
2030	-1,464	-1,406	-1,367	-1,339	-2,830	-2,745
2031	-1,614	-1,539	-1,424	-1,395	-3,039	-2,934
2032	-1,825	-1,720	-1,465	-1,444	-3,290	-3,164
2033	-2,015	-1,920	-1,473	-1,469	-3,488	-3,389
2034	-2,208	-2,111	-1,502	-1,487	-3,710	-3,599
2035	-2,414	-2,311	-1,535	-1,518	-3,948	-3,829
2036	-2,592	-2,503	-1,591	-1,563	-4,183	-4,066
2037	-2,683	-2,637	-1,620	-1,606	-4,303	-4,243
2038	-2,636	-2,659	-1,651	-1,636	-4,287	-4,295
2039	-2,811	-2,723	-1,677	-1,664	-4,488	-4,387
2040	-2,902	-2,856	-1,702	-1,689	-4,604	-4,546
2041	-2,842	-2,872	-1,719	-1,710	-4,561	-4,583
2042	-2,914	-2,878	-1,748	-1,734	-4,663	-4,612
2043	-2,976	-2,945	-1,777	-1,763	-4,753	-4,708
2044	-3,053	-3,014	-1,779	-1,778	-4,832	-4,792
2045	-3,196	-3,124	-1,792	-1,786	-4,987	-4,910
2046	-3,208	-3,202	-1,794	-1,793	-5,003	-4,995
2047	-3,006	-3,107	-1,680	-1,737	-4,685	-4,844
2048	-2,872	-2,939	-1,707	-1,694	-4,579	-4,632
2049	-2,698	-2,785	-1,705	-1,706	-4,403	-4,491
2006-2010	0	0	-665	-530	-665	-530
2006-2015	8,470	8,616	-2,391	-2,135	6,080	6,481
2006-2049	-53,337	-51,988	-48,190	-47,337	-101,526	-99,325
Net Present Value	-4,314	-4,094	-10,668	-10,304	-14,982	-14,398

Assumptions:

- Rate of return on all forms of savings is 6 percent
- Traditional IRA would be withdrawn over 15 years starting at age 70
- Roth IRA is also held for 15 years from age 70 either by owner or heir
- Contributions through nondeductible accounts assume equal contributions start in 2007, the accumulated balance is rolled over 1/1/2010, and annually thereafter until age 70; calibrated to match roughly JCT estimates through 2015
- IRA contribution limits return to \$2,000 per year in 2011. If the President's tax cuts are extended, the revenue loss
- Tax rate remains constant over course of life (also tends to understate revenue loss)
- Table does not show the effect on estate tax receipts (which would be negative)

Sources of Revenue Change

- Rollovers are taxed in 2011 and 2012 (raising revenue in the short-run)
- Money used to pay the tax on conversions comes out of a taxable savings account (losing revenue)
- Withdrawals from the traditional IRA would be taxable, starting at age 70 (losing revenue)
- Contributions to nondeductible IRAs come out of taxable account (losing revenue)

Revised to make conversions consistent with latest JCT estimate and add effect of contributions through nondeductible accounts, 5/10/06