Retirement Tax Consultants Announces Strategy to Slash Roth Conversion Taxes

Reduce Roth Conversion Taxes by 35% Using IRS-Accepted LLC Valuation Discounts

MCKINNEY, TX, UNITED STATES, July 14, 2025 /EINPresswire.com/ -- Retirement Tax Consultants, a national leader in advanced retirement tax planning, today announced a powerful and little-known strategy that allows retirees to reduce taxes on Roth IRA conversions by a minimum of 35% in the 2025 tax year. The approach involves applying IRS-accepted valuation discounts to privately held LLC interests held within IRAs—dramatically reducing the taxable value at the time of conversion.

> We are the bridge between your Accountant and Financial Advisor: We do what they don't by specializing in strategies to minimize retirement taxes"
>
> *David Hyden*

By obtaining a qualified appraisal of the LLC interests inside a Self-Directed IRA, retirees can report a lower fair market value (FMV) on the Roth conversion. This significantly reduces the amount of taxable income and, in turn, the overall tax bill—without affecting the actual value or investment potential of the underlying assets.

"Roth conversions are one of the most powerful tools in retirement tax planning," says David Hyden, President and Founder of Retirement Tax Consultants. "But the up-front tax bill often stops people cold. By using legitimate and IRS-recognized valuation methods, our clients can convert more wealth at a far lower tax cost."

Why Consider Roth Conversion?
According to Hyden, traditional IRAs come with Seven Major Financial Risks that most retirees overlook:

1. Rising Tax Rates – Future withdrawals could be taxed at higher rates due to federal or state increases.

2. Required Minimum Distributions (RMDs) – Beginning at age 73 or 75, retirees must take

taxable withdrawals whether they need the money or not.

3. Taxation of Social Security Benefits – IRA withdrawals can trigger taxes on benefits that would otherwise be tax-free.

4. Medicare Penalties (IRMAA) – RMDs may push retirees into higher income brackets, leading to costly Medicare surcharges.

5. Fees on Government-Owned Money – You pay investment fees not only on your share, but also on the IRS's share of your IRA.

6. The Widow's Penalty – Surviving spouses are often pushed into higher tax brackets while facing lower IRMAA thresholds.

David Hyden, President/Founder

7. Tax Burden on Your Heirs – Beneficiaries must now liquidate inherited IRAs within 10 years, often during their peak earning years—creating a heavy tax burden.

"Wouldn't you want to reduce or eliminate those risks before they impact you and your family?" Hyden asks.

Strategy Highlights:
- Up to 35% Reduction in Taxable Value – Appraisals apply valuation discounts that reduce the fair market value of IRA-held LLCs.

- IRS-Compliant & Legally Grounded – Follows established IRS Business Valuation Guidelines and uses certified, defensible appraisals.

- Audit-Ready Reports – Clients receive full documentation to withstand IRS scrutiny if needed.

- Time-Sensitive Opportunity – Applies to Roth conversions completed during the 2025 tax year, offering a strategic planning window through year-end.

This strategy builds on long-standing IRS guidance and legal precedents involving the use of valuation discounts in estate and gift tax scenarios—now strategically applied to Roth conversions.

"We walk our clients through a full Diligence Process," Hyden says, "including IRS Revenue

Rulings, key court cases, a sample LLC Operating Agreement, and a qualified valuation report—everything needed for confidence and compliance.”

Hyden emphasizes that the first step is always a Roth Conversion Analysis—an objective review that weighs the cost of converting now versus the long-term tax risks of not converting.

“Mitigating tax risk is one of the most important aspects of retirement planning,” he says. “And for many, this strategy can be the missing piece.”

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