Retirement Tax Consultants Reveals How Retirees Are Cutting Roth Conversion Taxes by 35% — Without Breaking IRS Rules

Here's a Strategy to Save on Roth Conversion Taxes Your CPA or Financial Adviser Doesn't Know About

MCKINNEY, TX, UNITED STATES, August 26, 2025 /EINPresswire.com/ -- Retirement Tax Consultants, a national leader in retirement tax and income planning, today announced a breakthrough strategy that helps retirees reduce taxes on Roth IRA conversions by at least 35% in the 2025 tax year. The key: Applying IRS-accepted Valuation Discounts to LLC interests held within Self-Directed IRAs (SDIRAs).

> We're the bridge between your Accountant and Financial Advisor”
>
> *David Hyden, CFF®, NSSA®, IRMAACP®*

This strategy uses valuation methodologies long accepted by the IRS to lower the fair market value (FMV) of privately held LLCs prior to conversion. A qualified appraisal reduces the taxable amount of the Roth conversion, allowing clients to convert more wealth at a lower tax cost.

“Roth conversions are among the most powerful tools in retirement tax planning,” says David Hyden, President and Founder of Retirement Tax Consultants. “But the upfront tax bill scares many away. When done properly, LLC valuation discounts can unlock massive tax savings—often in the hundreds of thousands of dollars.”

WHY CONSIDER ROTH CONVERSION?

Hyden explains that traditional IRAs carry Seven Major Financial Risks:

1. Rising Tax Rates – Future withdrawals may be taxed at higher rates.

2. Required Minimum Distributions (RMDs) – Withdrawals are mandatory starting at age 73 or

75, which can trigger higher taxes and Medicare surcharges.


David Hyden, President/Founder

3. Taxation of Social Security Benefits – IRA withdrawals can trigger tax on otherwise tax-free income.

4. Medicare Penalties (IRMAA) – Higher income, especially when RMDs begin, can mean thousands more in Medicare surcharges.

5. Fees on Government-Owned Money – You pay investment fees on the IRS's share of your IRA.

6. The Widow's Penalty – Surviving spouses face higher taxes on the same income, as Marginal Tax Rates and IRMAA thresholds are reduced.

7. Tax Burden on Your Heirs – Beneficiaries must liquidate inherited IRAs in just 10 years, often during peak earning years.

"For many, it is prudent to reduce or eliminate those risks before they impact your family", Hyden believes.

KEY FEATURES OF THE STRATEGY:

- 35%+ Reduction in Taxable Value through IRS accepted LLC valuation discounts.

- IRS-Compliant based on established IRS Business Valuation Guidelines.

- Audit-Ready Documentation including certified valuations and a full diligence package.

- 2025 Window of Opportunity for conversions before year-end.

The strategy builds on IRS guidance and legal precedent from estate and gift tax law, now successfully applied to Roth conversions. Retirement Tax Consultants emphasizes the need for qualified professionals to implement the strategy properly.

"We've created a complete diligence process," says Hyden. "This includes court cases, IRS Revenue Rulings, sample LLC Operating Agreement, legal opinion letter and a third-party valuation report. But first, every client will start with a Roth Conversion Analysis — a side-by-side comparison of the tax cost of converting now vs. not converting at all, to determine whether a Roth conversion is the best financial decision.”

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