Retirement Tax Strategist Challenges Conventional Roth Conversion Advice

Firm says most Roth conversions overlook valuation strategies that have reduced taxable conversion values by an average of 35% in many qualified client cases

David Hyden, President/Chief Retirement Tax Strategist

MCKINNEY, TX, UNITED STATES, August 5, 2026 /EINPresswire.com/ -- As Americans continue searching for ways to reduce taxes in retirement, one retirement tax strategist believes the financial services industry is asking the wrong question.

For decades, Roth conversion planning has centered on determining how much of a traditional IRA should be converted each year without moving into a higher federal income tax bracket. While that strategy may reduce taxes in the current year, David Hyden, Founder and Chief Retirement Tax Strategist of Retirement Tax Consultants, believes it often fails to answer the question that matters most:

WHAT WILL MINIMIZE TAXES OVER A RETIREES LIFETIME?

> We are the bridge between your accountant and financial advisor"
>
> *David Hyden, Founder/Chief Retirement Tax Strategist*

"Most advisors are trained to optimize annual tax brackets," Hyden said. "We believe the objective should be to optimize lifetime after-tax wealth. Those are not always the same thing."

According to Hyden, traditional Roth conversion planning frequently overlooks several factors that can significantly increase a retiree's lifetime tax burden, including continued tax-deferred growth, Required

Minimum Distributions (RMDs), Medicare IRMAA surcharges, taxation of Social Security benefits, the higher effective tax rates often faced by surviving spouses, and the taxes ultimately paid by beneficiaries.

Hyden says another critical issue receives even less attention: how the assets being converted are valued for tax purposes.

A SHIFT FROM NET ASSET VALUE TO FAIR MARKET VALUE

Most Roth conversions involve publicly traded securities or mutual funds whose values are readily determined and are commonly converted based on their net asset value (NAV).

However, Hyden notes that when an IRA owns a properly structured limited liability company (LLC), the asset being converted may instead be an ownership interest in that LLC—not the underlying assets themselves.

“In those situations, the relevant valuation question is whether the ownership interest has been valued in accordance with fair market value principles,” Hyden explained.

Unlike net asset value, fair market value considers the price at which a hypothetical willing buyer and willing seller would exchange the ownership interest under accepted valuation standards. For non-controlling interests in closely held entities, qualified independent appraisers may, when supported by the facts and applicable law, consider recognized valuation factors such as lack of control and lack of marketability.

“The IRS has long required fair market value to be determined under established valuation principles,” Hyden said. “Fair market value and net asset value are not synonymous. For properly structured IRA-owned LLCs, that distinction may materially affect the taxable value of a Roth conversion when supported by qualified independent appraisals and appropriate legal documentation.”

Hyden notes that, for qualified clients who utilize a properly structured IRA-owned LLC, the membership interest is valued by an independent qualified appraisal in accordance with established fair market value principles. Depending on the specific facts and circumstances—including the governing operating agreement and the characteristics of the ownership interest—the independently determined fair market value may be significantly lower than the LLC’s underlying net asset value.

“In many of our qualified client engagements, the independently appraised fair market value has been approximately 35% below the underlying net asset value,” Hyden said. “That difference can substantially reduce the taxable value of a Roth conversion while allowing the same underlying assets to continue growing inside the Roth IRA. Every valuation is performed independently and is based on the specific facts of each engagement; no discount is automatic or guaranteed.”

Hyden emphasized that these valuation conclusions are not established by Retirement Tax Consultants but by qualified independent valuation professionals applying recognized fair market value standards. The strategy requires careful legal structuring, independent appraisal support, and coordination with experienced tax advisors.

Hyden emphasized that these strategies are highly specialized and are not appropriate for every taxpayer. They require careful implementation by experienced legal counsel, tax professionals, and independent valuation experts.

LOOKING BEYOND THE CURRENT YEAR’S TAX RETURN

Hyden believes the retirement planning profession has made tremendous progress in helping retirees understand Roth conversions, but he says the conversation must evolve.

“The industry’s attention has largely focused on when to convert assets,” he said. “The next frontier is understanding what is being valued. For qualified taxpayers, valuation methodology can be just as important as tax-bracket management.”

Rather than evaluating Roth conversions one tax year at a time, Retirement Tax Consultants encourages affluent retirees to consider comprehensive lifetime tax projections that evaluate:

- Lifetime federal income tax liability
- Future Required Minimum Distributions
- Medicare IRMAA exposure
- Taxation of Social Security benefits
- Survivor tax implications
- Legacy planning for beneficiaries

Fair market value considerations where appropriate under applicable law
“Many retirees spend decades accumulating wealth but only a few hours planning how that wealth will ultimately be taxed,” Hyden said. “A well-designed retirement tax strategy should seek to minimize taxes over the next 20 to 30 years—not simply on next April’s tax return.”

ABOUT RETIREMENT TAX CONSULTANTS

Retirement Tax Consultants specializes in advanced retirement tax planning for retirees and pre-retirees with substantial retirement assets. The firm focuses on lifetime tax reduction strategies, Roth conversion planning, Medicare IRMAA mitigation, Social Security tax planning, Required Minimum Distribution analysis, and sophisticated valuation-based planning techniques for qualified taxpayers. Its mission is to help clients preserve more of their retirement wealth through proactive, legally supported tax planning.

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