FOR ADVISORS, ATTORNEYS, CPAS AND PLAN OWNERS

The Discounted Roth Conversion

Convert at fair market value, not face value.

For a multimillion-dollar IRA, the conversion tax is the largest cost of going Roth. We convert IRA-owned LLC units at appraised fair market value, **conservatively 40% below the underlying assets.**

HOW IT WORKS

1. **Restructure**
   The IRA forms and owns an LLC built for the IRA rules.
2. **Appraise**
   Independent, CPA-reviewed valuation at conversion.
3. **Convert**
   Units move to the Roth in tranches, taxed at appraised value.

ILLUSTRATION · $5M CONVERSION

Asset value converted	**$5,000,000**
Appraised value (40% discount)	**$3,000,000**
Income kept off the return	**$2,000,000**
Federal tax saved at 37%	**$740,000**

WHY THE DISCOUNT IS REAL, AND WHY 40% IS CONSERVATIVE

Control & market
Minority stake, no ready buyer.

Plan Asset Rule
Plan rules govern every LLC asset.

IRC §4975
No related-party deals or personal use.

Operating agreement
Supermajority vote, mandatory wind-up.

Each layer supports its own discount; compounded, they justify well over 40%. **We stop at 40% by design.**

Settled ground

Swanson **(1996)**
Tax Court recognizes the IRA-owned LLC.

Bergquist **(2008)**
The IRS argued for 35% and 45% discounts. The court agreed.

Estate of Kelley **(2005)**
The court beat the IRS's discount on an all-cash partnership.

22 yrs structuring IRA LLCs | **10 yrs** of valuations | **0** discounts challenged

Backed in full. IRA Valuations, LLC and its legal team stand behind every LLC valuation we sign, including defense if it's ever challenged.

Schedule a confidential review

Steve & Jordan Sheppherd, Executive Account Directors
We work alongside your advisor, CPA and counsel.

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