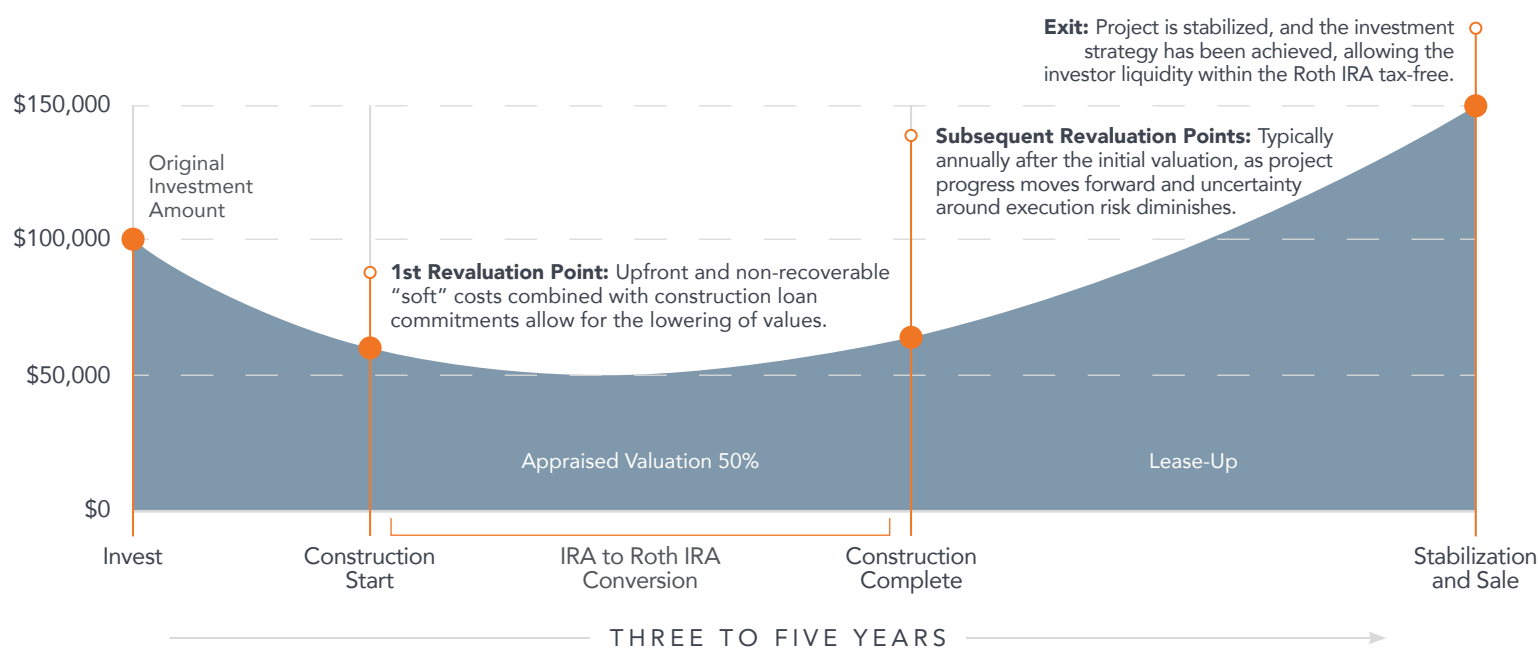


# Enhanced Roth IRA Conversion Strategy

Tax minimization and financial planning are cornerstones of maximizing wealth. For many investors, a component of this entails converting a traditional IRA to a Roth IRA at the appropriate time. Utilizing the potential benefit of private market valuation discounts to enhance this strategy could improve the outcome.

Investors are seeking thoughtful strategies to maximize their investment and planning objectives. One approach is the conversion of traditional IRA assets into Roth IRAs. The “J-Curve,” and discounts associated with private market valuations, particularly ground-up real estate development, as illustrated in the graph below, can potentially offer an ideal portfolio holding to effectuate this conversion strategy. Please note that the graph is for example purposes only and does not reflect actual estimates.

## Utilizing the J-Curve: A Hypothetical Example



- 1. Initial Investment:** An investor allocates \$100,000 from their traditional IRA to a real estate development investment.
- 2. J-Curve Formation:** Following the initial investment, a 3rd party independent valuation is commissioned of the Limited Partner’s interest in the Development Fund. Due to traditional private market investment valuation discounts, including construction loan commitments and upfront costs, the appraised value dips to \$60,000, representing the beginning of the J-Curve.
- 3. Strategic Tax Conversion:** Seizing this opportunity to effectuate a Roth conversion at a discounted valuation, the investor facilitates a conversion of the traditional IRA into a Roth IRA, triggering a taxable event. However, the taxes owed are based on the current valuation at the time of conversion, not on the capital committed initially.
- 4. Tax-Free Growth:** As construction progresses and the project stabilizes, the Roth IRA holding the investment experiences potential growth, reaching the targeted return on investment and completing the upward swing of the J-Curve.

This illustration is hypothetical, provided for informational purposes only and should not be construed as a guarantee of the performance of an actual investment. An investment in an actual real estate development fund includes several risks, including the risk that investor’s may lose some or all of their investment. In addition, there are various requirements, costs and limitations associated with converting a traditional IRA to a Roth IRA. Before making an actual investment or effectuating a Roth IRA conversion, investors should consult with their financial and tax professionals and carefully consider all risks, requirements, costs and other relevant factors of such transactions. Additional information regarding the calculations, risks and limitations related to this hypothetical illustration will be provided promptly upon request.

# About Griffin Capital Company

Griffin Capital Company is a leading full-service real estate investment and management company that for three decades has established a reputation for leadership and innovation. Griffin Capital is led by a highly experienced senior management team with deep knowledge across real estate and capital markets, and are pioneers in the development of tax-advantaged investment strategies.



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