

TAXABLE VS. TAX-ADVANTAGED SAVINGS

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INTRODUCTION

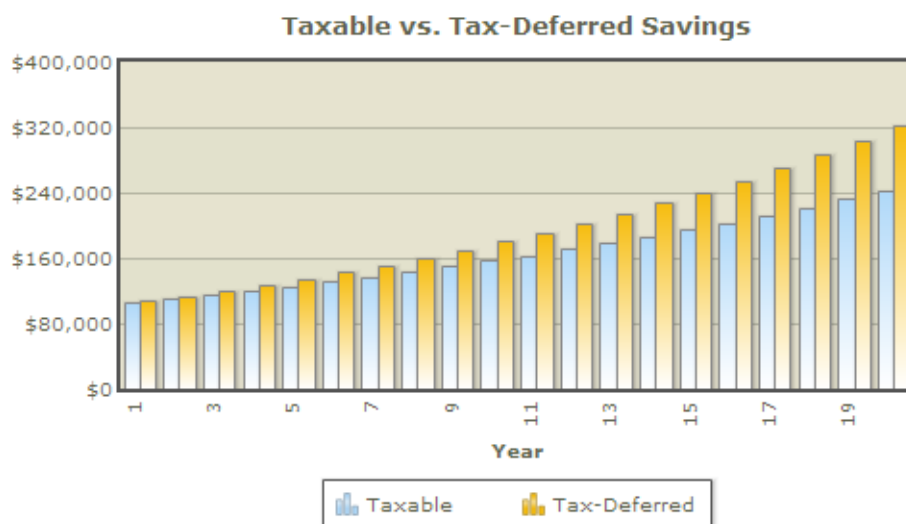
Tax-deferral can have a dramatic effect on the growth of an investment. Use this calculator to determine the future value of an investment being subject to income tax each year versus deferring the tax until withdrawal.

SUMMARY OF INPUT

Starting balance	\$100,000
Number of years for the analysis	20
Annual rate of return	6.00%
Tax rate	25.00%

ANALYSIS

It appears that by saving in a tax-deferred vehicle you would accumulate \$320,714 (\$265,535 after taxes on the earnings) vs. \$241,171 in a taxable savings account.



Year	Taxable				Tax-Deferred		
	Beginning Balance	Return @ 6%	Taxes @ 25%	Ending Balance	Beginning Balance	Return @ 6%	Ending Balance
1	\$100,000	\$6,000	\$1,500	\$104,500	\$100,000	\$6,000	\$106,000

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2	104,500	6,270	1,568	109,202	106,000	6,360	112,360
3	109,202	6,552	1,638	114,117	112,360	6,742	119,102
4	114,117	6,847	1,712	119,252	119,102	7,146	126,248
5	119,252	7,155	1,789	124,618	126,248	7,575	133,823
6	124,618	7,477	1,869	130,226	133,823	8,029	141,852
7	130,226	7,814	1,953	136,086	141,852	8,511	150,363
8	136,086	8,165	2,041	142,210	150,363	9,022	159,385
9	142,210	8,533	2,133	148,610	159,385	9,563	168,948
10	148,610	8,917	2,229	155,297	168,948	10,137	179,085
11	155,297	9,318	2,329	162,285	179,085	10,745	189,830
12	162,285	9,737	2,434	169,588	189,830	11,390	201,220
13	169,588	10,175	2,544	177,220	201,220	12,073	213,293
14	177,220	10,633	2,658	185,194	213,293	12,798	226,090
15	185,194	11,112	2,778	193,528	226,090	13,565	239,656
16	193,528	11,612	2,903	202,237	239,656	14,379	254,035
17	202,237	12,134	3,034	211,338	254,035	15,242	269,277
18	211,338	12,680	3,170	220,848	269,277	16,157	285,434
19	220,848	13,251	3,313	230,786	285,434	17,126	302,560
20	230,786	13,847	3,462	241,171	302,560	18,154	320,714

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