

TAXABLE VS. TAX-ADVANTAGED SAVINGS

Date: June 6, 2025

INTRODUCTION

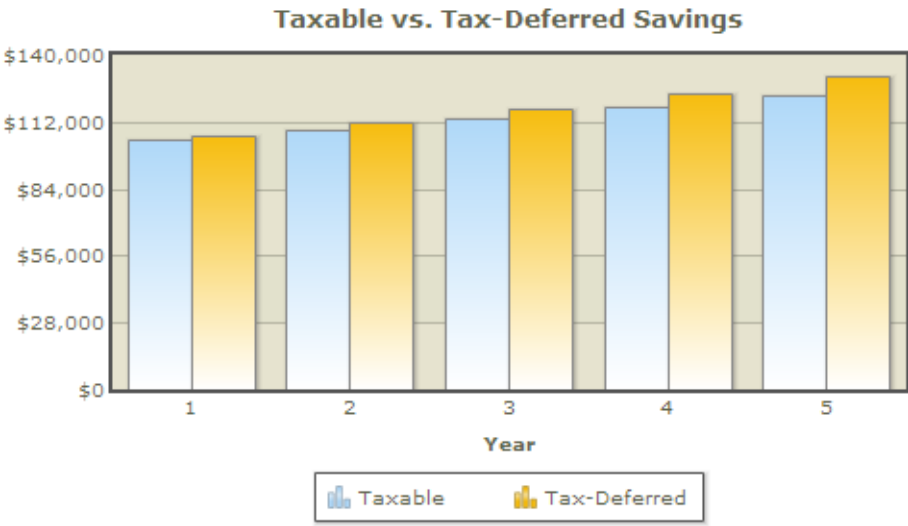
Tax-deferral can have a dramatic effect on the growth of an investment. Use this calculator to determine the future value of an investment being subject to income tax each year versus deferring the tax until withdrawal.

SUMMARY OF INPUT

Starting balance	\$100,000
Number of years for the analysis	5
Annual rate of return	5.50%
Tax rate	25.00%

ANALYSIS

It appears that by saving in a tax-deferred vehicle you would accumulate \$130,696 (\$123,022 after taxes on the earnings) vs. \$122,398 in a taxable savings account.



Year	Taxable				Tax-Deferred		
	Beginning Balance	Return @ 5.50%	Taxes @ 25.00%	Ending Balance	Beginning Balance	Return @ 5.50%	Ending Balance
1	\$100,000	\$5,500	\$1,375	\$104,125	\$100,000	\$5,500	\$105,500

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2	104,125	5,727	1,432	108,420	105,500	5,802	111,302
3	108,420	5,963	1,491	112,892	111,302	6,122	117,424
4	112,892	6,209	1,552	117,549	117,424	6,458	123,882
5	117,549	6,465	1,616	122,398	123,882	6,814	130,696

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