

TAX-DEFERRED ANNUITY VS. TAXABLE ACCOUNT

Deposit Amount: \$58,000 Annuity Interest Rate: 5.2% Taxable Account Interest Rate: 4.8% Tax Bracket: 12.0%

Tax-Deferred Annuity			
Year	Balance	Annual Yield (5.15%)	Year-End Total
1	\$58,000.00	\$2,987.00	\$60,987.00
2	\$60,987.00	\$3,140.83	\$64,127.83
3	\$64,127.83	\$3,302.58	\$67,430.41
4	\$67,430.41	\$3,472.67	\$70,903.08
5	\$70,903.08	\$3,651.51	\$74,554.59

Taxable Account					
Year	Balance	Annual Yield (4.75%)	Tax (12.00%)	After Tax Annual Yield	Year-End Total
1	\$58,000.00	\$2,755.00	\$330.60	\$2,424.40	\$60,424.40
2	\$60,424.40	\$2,870.16	\$344.42	\$2,525.74	\$62,950.14
3	\$62,950.14	\$2,990.13	\$358.82	\$2,631.32	\$65,581.46
4	\$65,581.46	\$3,115.12	\$373.81	\$2,741.30	\$68,322.76
5	\$68,322.76	\$3,245.33	\$389.44	\$2,855.89	\$71,178.65

Tax Equivalent Yield: 5.85%*

*During the accumulation phase, this is the rate that would need to be earned on a Taxable Account in order to match the annual yield rate above after considering the triple-compounding advantages on the tax-deferred account.

Why pay taxes on money you haven't withdrawn?

When interest earnings are subject to ordinary tax, the pre-tax rate must be significantly higher to equal the return found by tax- deferred annuities. Taxes would be due on the annuity interest when paid out, but the triple compounding of interest paid on principle, interest paid on interest and interest paid on funds that would have been paid as taxes will result in a better return on your dollars.

Triple compounding earns:1) Interest on your principal; 2) Interest on your interest; 3) Interest on your tax savings

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The results and explanations generated by this calculator may vary due to user input and assumptions. Guaranty Income Life Insurance Company and United Life Insurance Company do not guarantee the accuracy of the calculators, results, explanations, nor applicability to your specific situation. We recommend that you use this calculator as a guideline only and you ultimately seek the guidance of an experienced professional.