

TAXABLE VS. TAX-ADVANTAGED SAVINGS

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INTRODUCTION

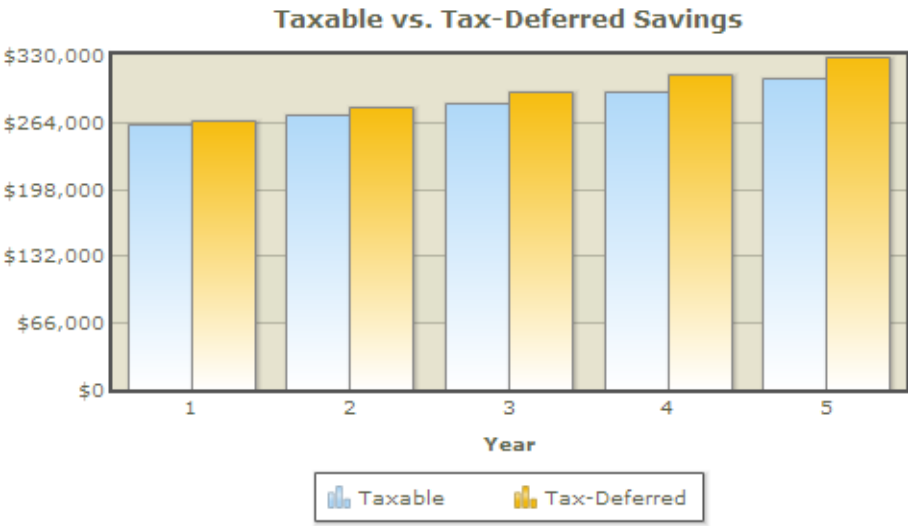
Tax-deferral can have a dramatic effect on the growth of an investment. Use this calculator to determine the future value of an investment being subject to income tax each year versus deferring the tax until withdrawal.

SUMMARY OF INPUT

Starting balance	\$250,000
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 \$326,740 (\$307,555 after taxes on the earnings) vs. \$305,996 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	\$250,000	\$13,750	\$3,437	\$260,312	\$250,000	\$13,750	\$263,750

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2	260,312	14,317	3,579	271,050	263,750	14,506	278,256
3	271,050	14,908	3,727	282,231	278,256	15,304	293,560
4	282,231	15,523	3,881	293,873	293,560	16,146	309,706
5	293,873	16,163	4,041	305,996	309,706	17,034	326,740

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