

TAXABLE VS. TAX-ADVANTAGED SAVINGS

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INTRODUCTION

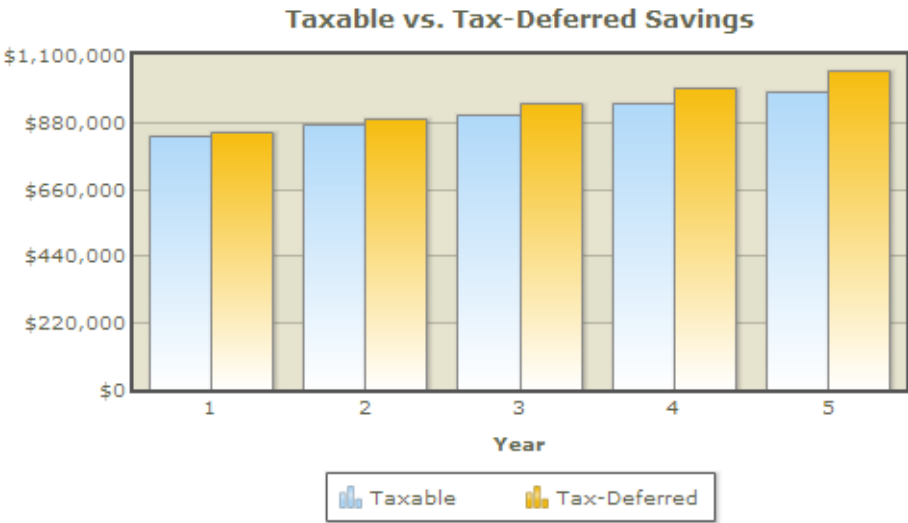
Tax-deferral can have a dramatic effect on the growth of an investment. Use this calculator to determine the future value of an investment being subject to income tax each year versus deferring the tax until withdrawal.

SUMMARY OF INPUT

Starting balance	\$800,000
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 \$1,045,568 (\$984,176 after taxes on the earnings) vs. \$979,186 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	\$800,000	\$44,000	\$11,000	\$833,000	\$800,000	\$44,000	\$844,000

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2	833,000	45,815	11,454	867,361	844,000	46,420	890,420
3	867,361	47,705	11,926	903,140	890,420	48,973	939,393
4	903,140	49,673	12,418	940,394	939,393	51,667	991,060
5	940,394	51,722	12,930	979,186	991,060	54,508	1,045,568

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