

WHY DIDN'T SOMEBODY TELL ME "THE REST OF THE STORY?"

Annual IRA/401k Contribution = \$4,000 x 30 Years	= \$120,000 Total Contributions
Tax Bracket	= 37% (Fed & CA.)
Tax Savings = \$1,360 x 30 years	= \$40,800 Total Tax Savings
Net Outlay	= \$2,640 Per Year

\$4,000 year @ 10% for 30 Years = \$ 723,774

 x 10%

\$ 72,000

 x 37% Tax Bracket

(-26,640) Annual Tax

= \$ 45,360 Net Income

At Age 85.5 \$532,800 Taxes
Paid in Retirement Years
VERSUS
\$40,800 Taxes Saved
During Contribution Years

In the first 20 months of retirement, every dollar of taxes saved during 30 years of deductions was paid back. In fact, a person living a normal life expectancy will pay over 10 times the taxes on a qualified retirement plan during the retirement years than the taxes saved during the contribution years.