

The Value of Tax Deferral*

This chart illustrates the power of tax deferral to help you respond when a client asks, “Why is tax deferral a big deal? I have to pay taxes eventually.”

If one defers the taxes for 10 years and then takes income as needed, one would be taking income from a greater amount — \$162,889 versus \$144,504.

Most people prefer to take income off of the extra \$18,000!

* This chart is based on a \$100,000 investment at 5% interest rate and a 25% tax bracket. The \$18,000 difference would be even greater if state income taxes, a higher tax bracket, or an upfront bonus on the annuity were considered.

