

Comparison Analysis of Cash Flow and Plan Assets Preface

The disadvantage of a Roth IRA instead of an IRA is contributions to a Roth are not deductible.

The two advantages of utilizing a Roth IRA instead of an IRA are 1) tax free distributions from plan values and 2) the absence of government-directed required minimum distributions.

Comparison of Distributions

	IRA	Roth IRA
Example of a Plan Distribution	\$25,000	\$25,000
Income Tax Bracket	30.00%	n/a
Net Cash Flow	\$17,500	\$25,000

The identical amount distributed from each plan produces more after tax cash flow from the Roth, 42.86% more in this example, and this difference occurs year after year.

This difference can be further compounded in favor of the Roth due to its likely increased value since it requires no required minimum distributions.

Another advantage of a Roth IRA involves children who inherit it. Due to the Roth's absence of required minimum distributions, it will likely have a greater inherited value. This, coupled with tax free distributions for children from an inherited Roth, can produce a major difference in wealth for heirs. From a generational perspective, a Roth transformed into an inherited Roth for the children is a winner by a substantial margin.

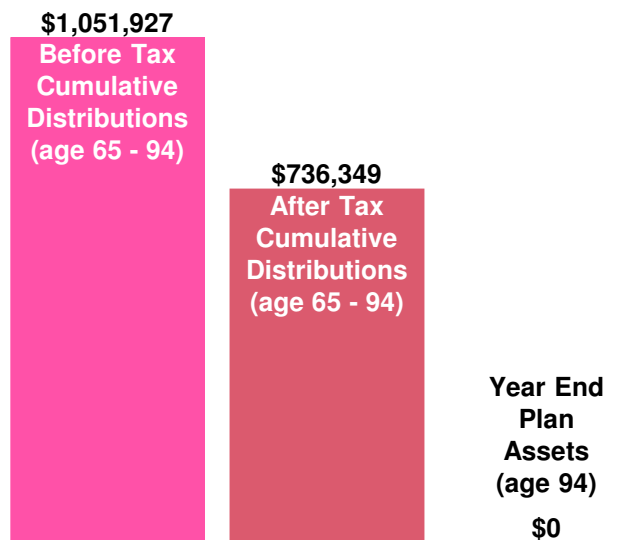
The graph below is a summary of the distribution results from this analysis.

IRA

Current Age: 45

Distributions Begin at Age: 65

Values When Distributions Begin: \$445,156

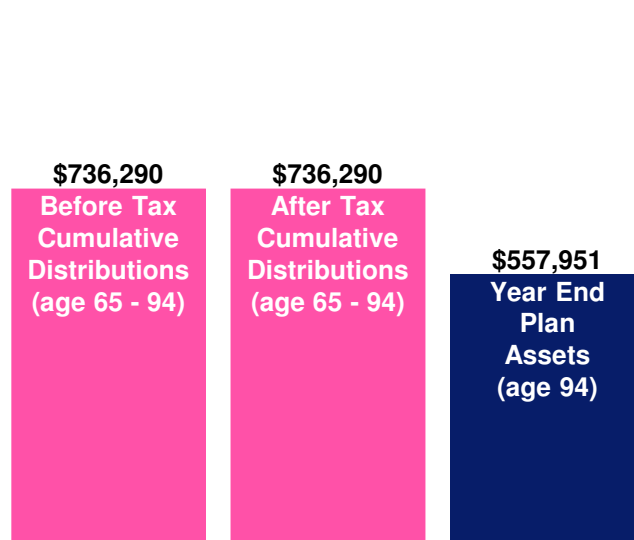


Roth IRA

Current Age: 45

Distributions Begin at Age: 65

Values When Distributions Begin: \$375,331



IRA vs. Roth IRA

Presented By: [Licensed user's name appears here]

For: Arthur Jones

Comparison Analysis of Accumulation of Assets

Initial Plan Assets 50,000
Plan Yield 7.50%

Initial Plan Assets 50,000
Plan Yield 7.50%

		IRA				Roth IRA			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Beginning of Year Balance in Plan Assets	Contribution to the Plan	Beginning of Year Plan Assets	Year End Plan Assets	Beginning of Year Balance in Plan Assets	Contribution to the Plan	Beginning of Year Plan Assets	Year End Plan Assets
Accumulation Year	Age								
1	45	50,000	5,000	55,000	59,125	50,000	3,500	53,500	57,513
2	46	59,125	5,000	64,125	68,934	57,513	3,500	61,013	65,589
3	47	68,934	5,000	73,934	79,479	65,589	3,500	69,089	74,271
4	48	79,479	5,000	84,479	90,815	74,271	3,500	77,771	83,604
5	49	90,815	5,000	95,815	103,001	83,604	3,500	87,104	93,637
6	50	103,001	5,000	108,001	116,101	93,637	3,500	97,137	104,422
7	51	116,101	5,000	121,101	130,184	104,422	3,500	107,922	116,016
8	52	130,184	5,000	135,184	145,323	116,016	3,500	119,516	128,480
9	53	145,323	5,000	150,323	161,597	128,480	3,500	131,980	141,879
10	54	161,597	5,000	166,597	179,092	141,879	3,500	145,379	156,282
11	55	179,092	5,000	184,092	197,899	156,282	3,500	159,782	171,766
12	56	197,899	5,000	202,899	218,116	171,766	3,500	175,266	188,411
13	57	218,116	5,000	223,116	239,850	188,411	3,500	191,911	206,304
14	58	239,850	5,000	244,850	263,214	206,304	3,500	209,804	225,539
15	59	263,214	5,000	268,214	288,330	225,539	3,500	229,039	246,217
16	60	288,330	5,000	293,330	315,330	246,217	3,500	249,717	268,446
17	61	315,330	5,000	320,330	344,355	268,446	3,500	271,946	292,342
18	62	344,355	5,000	349,355	375,557	292,342	3,500	295,842	318,030
19	63	375,557	5,000	380,557	409,099	318,030	3,500	321,530	345,645
20	64	409,099	5,000	414,099	445,156	345,645	3,500	349,145	375,331

100,000

70,000

Plan results are hypothetical only. Actual results will vary due to changes in contributions and withdrawals, income tax brackets, and investment performance.

IRA vs. Roth IRA

Presented By: [Licensed user's name appears here]

For: Arthur Jones

Comparison Analysis of Cash Flow and Plan Assets

		Plan Yield 7.50%					Income Tax Bracket 30.00%					Plan Yield 7.50%				
		IRA					Roth IRA									
Distribution Year	Age	(1) Beginning of Year Balance in Plan Assets	(2)* Before Tax IRS Required Minimum Distribution	(3) Before Tax Scheduled Distribution	(4) After Tax Scheduled Distribution	(5) Year End Plan Assets	(6) Beginning of Year Balance in Plan Assets	(7) Before Tax IRS Required Minimum Distribution	(8) Before Tax Scheduled Distribution	(9)** After Tax Scheduled Distribution	(10) Year End Plan Assets					
1	65	445,156	0	35,061	24,543	440,852	375,331	0	24,543	24,543	377,097					
2	66	440,852	0	35,061	24,543	436,225	377,097	0	24,543	24,543	378,996					
3	67	436,225	0	35,061	24,543	431,250	378,996	0	24,543	24,543	381,037					
4	68	431,250	0	35,061	24,543	425,903	381,037	0	24,543	24,543	383,231					
5	69	425,903	0	35,061	24,543	420,155	383,231	0	24,543	24,543	385,590					
6	70	420,155	15,334	35,061	24,543	413,975	385,590	0	24,543	24,543	388,126					
7	71	413,975	15,622	35,061	24,543	407,332	388,126	0	24,543	24,543	390,852					
8	72	407,332	15,911	35,061	24,543	400,191	390,852	0	24,543	24,543	393,782					
9	73	400,191	16,202	35,061	24,543	392,515	393,782	0	24,543	24,543	396,932					
10	74	392,515	16,492	35,061	24,543	384,262	396,932	0	24,543	24,543	400,318					
11	75	384,262	16,780	35,061	24,543	375,391	400,318	0	24,543	24,543	403,958					
12	76	375,391	17,063	35,061	24,543	365,854	403,958	0	24,543	24,543	407,871					
13	77	365,854	17,257	35,061	24,543	355,602	407,871	0	24,543	24,543	412,078					
14	78	355,602	17,517	35,061	24,543	344,581	412,078	0	24,543	24,543	416,600					
15	79	344,581	17,671	35,061	24,543	332,734	416,600	0	24,543	24,543	421,461					
16	80	332,734	17,793	35,061	24,543	319,998	421,461	0	24,543	24,543	426,687					
17	81	319,998	17,877	35,061	24,543	306,307	426,687	0	24,543	24,543	432,305					
18	82	306,307	17,913	35,061	24,543	291,589	432,305	0	24,543	24,543	438,344					
19	83	291,589	17,889	35,061	24,543	275,767	438,344	0	24,543	24,543	444,836					
20	84	275,767	17,791	35,061	24,543	258,758	444,836	0	24,543	24,543	451,815					
21	85	258,758	17,484	35,061	24,543	240,474	451,815	0	24,543	24,543	459,317					
22	86	240,474	17,055	35,061	24,543	220,818	459,317	0	24,543	24,543	467,382					
23	87	220,818	16,479	35,061	24,543	199,689	467,382	0	24,543	24,543	476,052					
24	88	199,689	15,724	35,061	24,543	176,974	476,052	0	24,543	24,543	485,372					
25	89	176,974	14,748	35,061	24,543	152,556	485,372	0	24,543	24,543	495,391					
26	90	152,556	13,382	35,061	24,543	126,307	495,391	0	24,543	24,543	506,162					
27	91	126,307	11,695	35,061	24,543	98,089	506,162	0	24,543	24,543	517,740					
28	92	98,089	9,617	35,061	24,543	67,755	517,740	0	24,543	24,543	530,187					
29	93	67,755	7,058	35,061	24,543	35,145	530,187	0	24,543	24,543	543,567					
30	94	35,145	3,862	35,145	24,602	0	543,567	0	24,543	24,543	557,951					
			382,216	1,051,914	736,349			0	736,290	736,290						

*Column (2) projects an estimate of the required minimum distribution based on the Uniform Lifetime table life expectancy factors, recalculated each year based on asset value and client age.

**Income tax bracket is irrelevant with this Roth IRA.

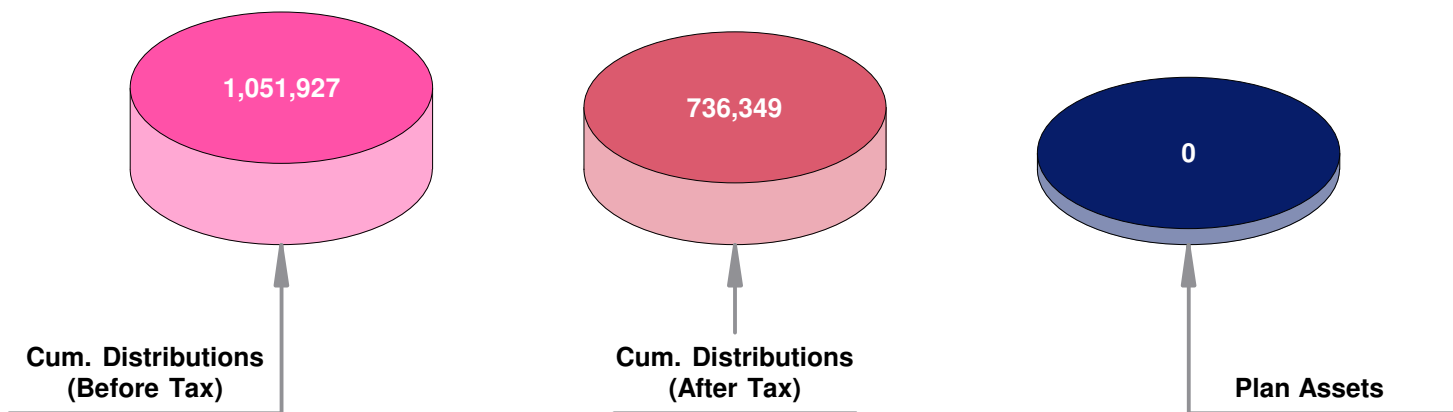
Summary of 30 Distribution Years

	IRA	Roth IRA
Plan Assets	0	557,951
Cum. After Tax Distributions	736,349	736,290

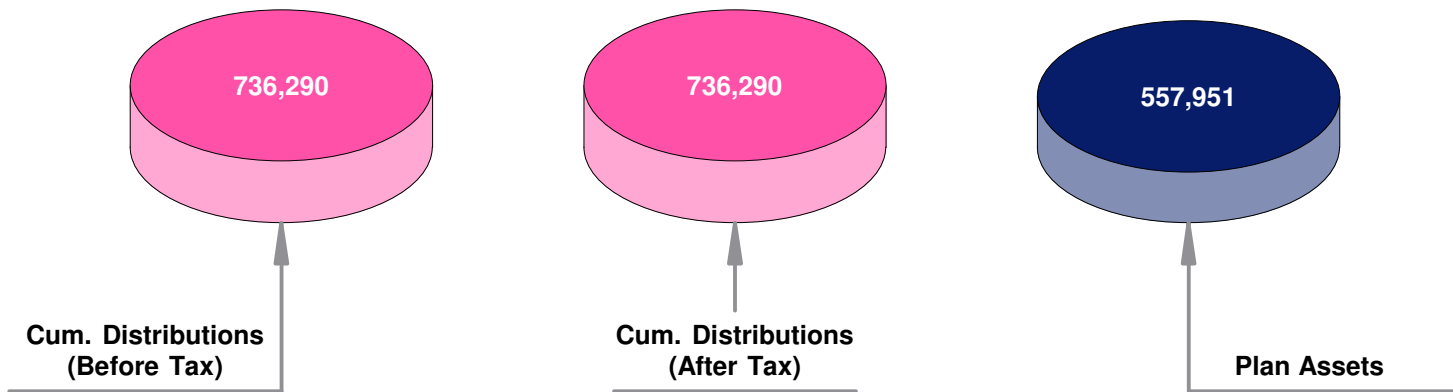
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Comparison Analysis of Cash Flow and Plan Assets at age 94

IRA



Roth IRA



Note: All projections are based on client furnished data and assumptions.

IRA vs. Roth IRA

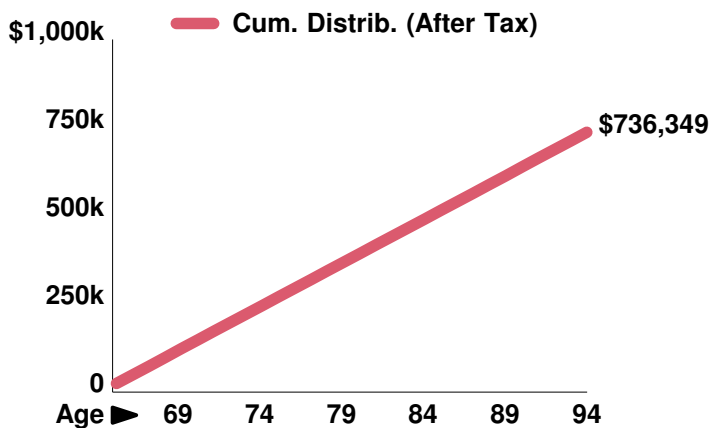
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For: Arthur Jones

Comparison Analysis of Cash Flow and Plan Assets

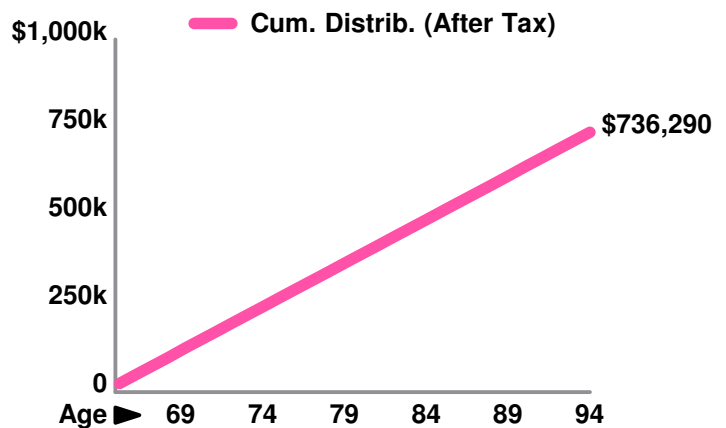
IRA

Cumulative Distributions
(After Tax)

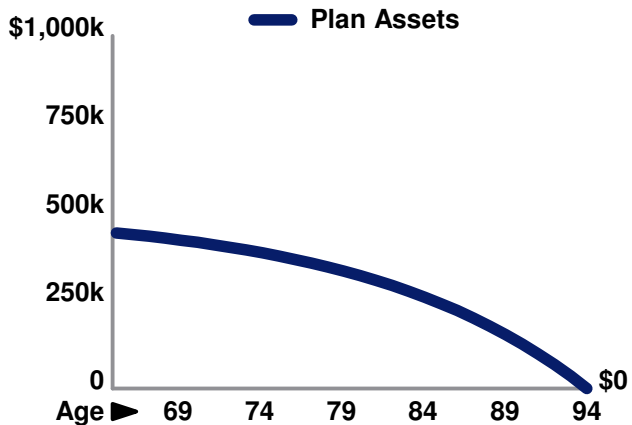


Roth IRA

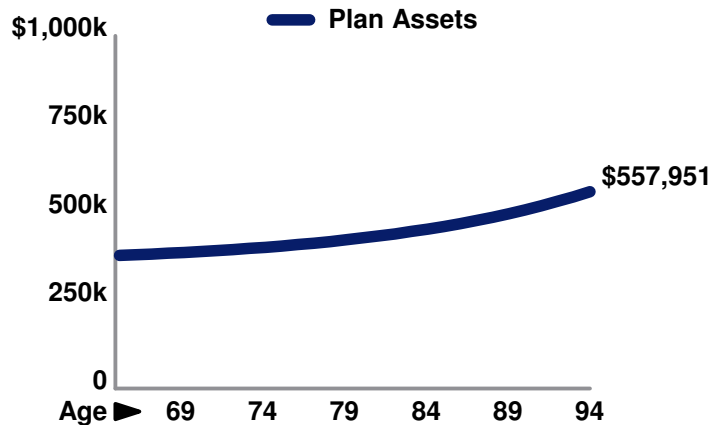
Cumulative Distributions
(After Tax)



Plan Assets



Plan Assets



Note: All projections are based on client furnished data and assumptions.