

Comparison of IRA vs. Roth IRA

For: Charles and Amanda Fuller



Presented By: _____

[Licensed user's name appears here]

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IRA vs. Roth IRA

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

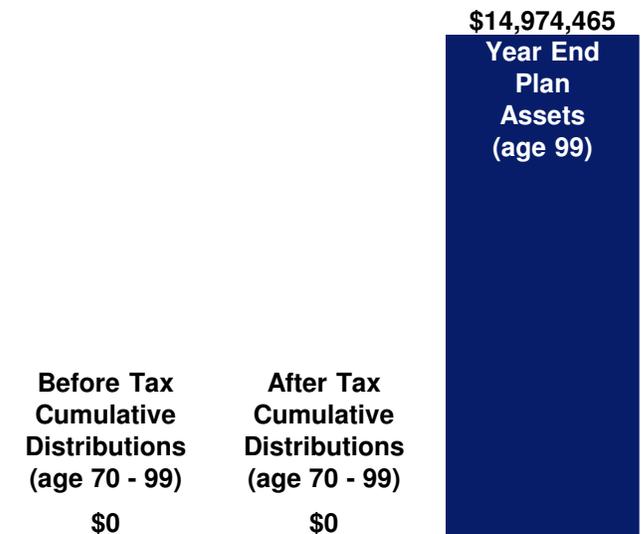
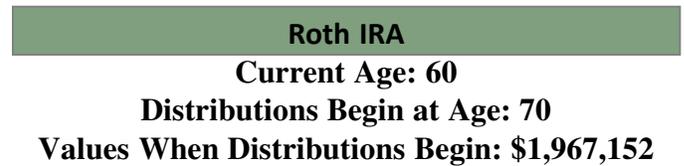
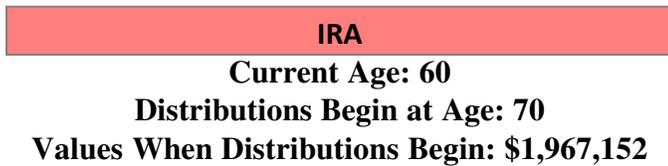
	IRA	Roth IRA
Example of a Plan Distribution	\$10,000	\$10,000
Income Tax Bracket	35.00%	n/a
Net Cash Flow	\$6,500	\$10,000

The identical amount distributed from each plan produces more after tax cash flow from the Roth, 53.85% 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 vs. Roth IRA

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

For: Charles Fuller

Comparison Analysis of Cash Flow and Plan Assets

		Plan Yield 7.00%					Income Tax Bracket 35.00%					Plan Yield 7.00%				
		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	70	1,967,152	71,794	71,794	46,666	2,028,033	1,967,152	0	0	0	2,104,853					
2	71	2,028,033	76,530	76,530	49,745	2,088,108	2,104,853	0	0	0	2,252,193					
3	72	2,088,108	81,567	81,567	53,019	2,146,999	2,252,193	0	0	0	2,409,847					
4	73	2,146,999	86,923	86,923	56,500	2,204,281	2,409,847	0	0	0	2,578,536					
5	74	2,204,281	92,617	92,617	60,201	2,259,481	2,578,536	0	0	0	2,759,034					
6	75	2,259,481	98,667	98,667	64,134	2,312,071	2,759,034	0	0	0	2,952,166					
7	76	2,312,071	105,094	105,094	68,311	2,361,465	2,952,166	0	0	0	3,158,818					
8	77	2,361,465	111,390	111,390	72,404	2,407,581	3,158,818	0	0	0	3,379,935					
9	78	2,407,581	118,600	118,600	77,090	2,449,209	3,379,935	0	0	0	3,616,530					
10	79	2,449,209	125,600	125,600	81,640	2,486,262	3,616,530	0	0	0	3,869,687					
11	80	2,486,262	132,955	132,955	86,421	2,518,038	3,869,687	0	0	0	4,140,565					
12	81	2,518,038	140,673	140,673	91,437	2,543,781	4,140,565	0	0	0	4,430,405					
13	82	2,543,781	148,759	148,759	96,693	2,562,674	4,430,405	0	0	0	4,740,533					
14	83	2,562,674	157,219	157,219	102,192	2,573,836	4,740,533	0	0	0	5,072,370					
15	84	2,573,836	166,054	166,054	107,935	2,576,327	5,072,370	0	0	0	5,427,436					
16	85	2,576,327	174,076	174,076	113,149	2,570,409	5,427,436	0	0	0	5,807,357					
17	86	2,570,409	182,298	182,298	118,494	2,555,278	5,807,357	0	0	0	6,213,872					
18	87	2,555,278	190,692	190,692	123,950	2,530,108	6,213,872	0	0	0	6,648,843					
19	88	2,530,108	199,221	199,221	129,494	2,494,049	6,648,843	0	0	0	7,114,262					
20	89	2,494,049	207,837	207,837	135,094	2,446,246	7,114,262	0	0	0	7,612,260					
21	90	2,446,246	214,583	214,583	139,479	2,387,880	7,612,260	0	0	0	8,145,118					
22	91	2,387,880	221,100	221,100	143,715	2,318,454	8,145,118	0	0	0	8,715,276					
23	92	2,318,454	227,299	227,299	147,744	2,237,536	8,715,276	0	0	0	9,325,345					
24	93	2,237,536	233,077	233,077	151,500	2,144,771	9,325,345	0	0	0	9,978,119					
25	94	2,144,771	235,689	235,689	153,198	2,042,718	9,978,119	0	0	0	10,676,587					
26	95	2,042,718	237,525	237,525	154,391	1,931,557	10,676,587	0	0	0	11,423,948					
27	96	1,931,557	238,464	238,464	155,002	1,811,609	11,423,948	0	0	0	12,223,624					
28	97	1,811,609	238,370	238,370	154,941	1,683,366	12,223,624	0	0	0	13,079,278					
29	98	1,683,366	237,094	237,094	154,111	1,547,511	13,079,278	0	0	0	13,994,827					
30	99	1,547,511	230,972	230,972	150,132	1,408,697	13,994,827	0	0	0	14,974,465					
			4,982,739	4,982,739	3,238,782			0	0	0						

*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

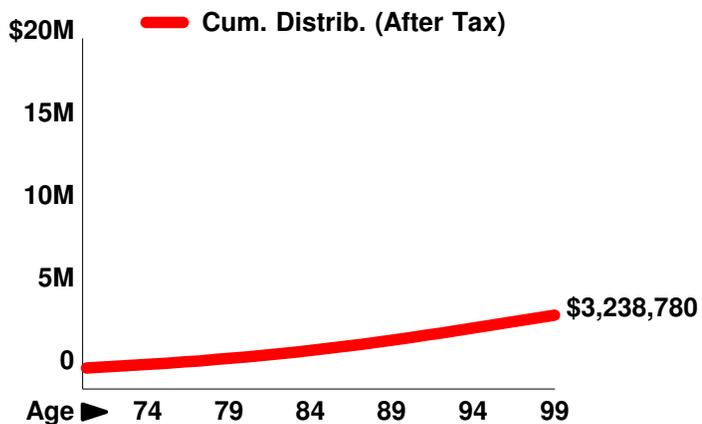
	IRA	Roth IRA
Plan Assets	1,408,697	14,974,465
Cum. After Tax Distributions	3,238,780	0

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

Comparison Analysis of Cash Flow and Plan Assets

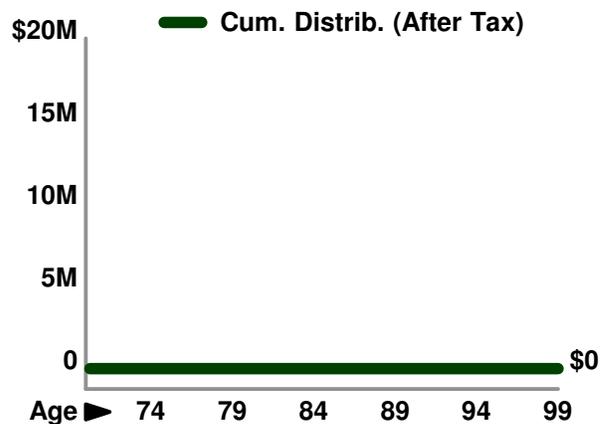
IRA

Cumulative Distributions
(After Tax)

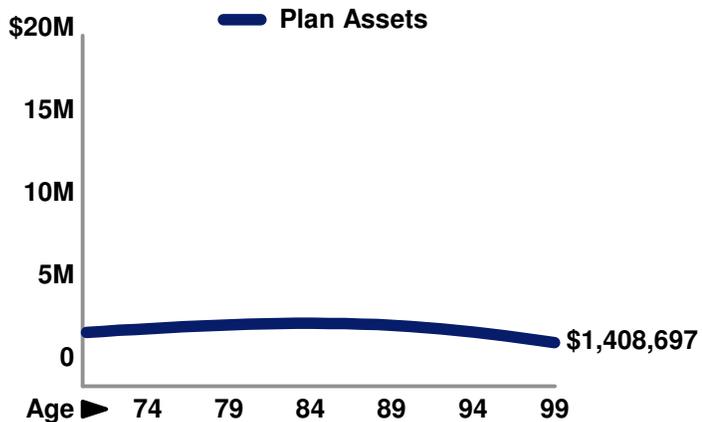


Roth IRA

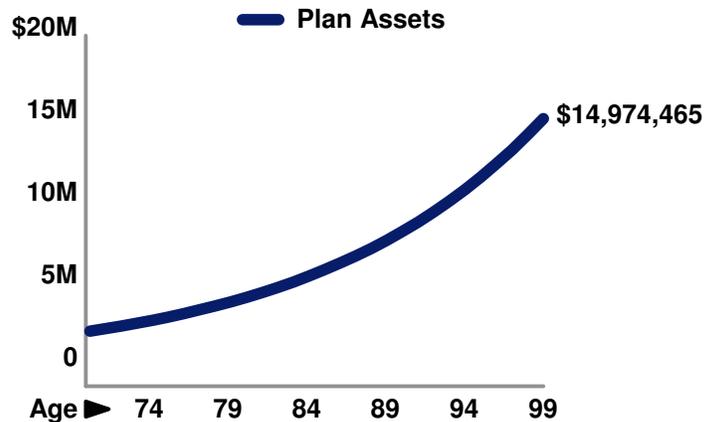
Cumulative Distributions
(After Tax)



Plan Assets



Plan Assets



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

An Individual Retirement Account (IRA)

Preface

An IRA is an asset accumulation and distribution program with special tax consideration. It has the following characteristics:

Deductible Contributions

Funding costs within prescribed limits are deductible from current taxable income. (Certain nondeductible contributions may be allowed.)

Tax Deferred Growth

Earnings are not subject to current income tax.

Taxation At Distribution

Income tax is assessed on plan distributions in excess of nondeductible contributions.

Form of Distribution

There are three: 1) lump sum; 2) payments from an annuity contract; and 3) withdrawal.

Distribution Requirements

Distributions should start between ages 59½ and age 70½. Any amounts distributed prior to age 59½ are "premature distributions" and are generally subject to an additional 10.00% penalty tax. If distributions commence after 70½, a 50% penalty tax is assessed

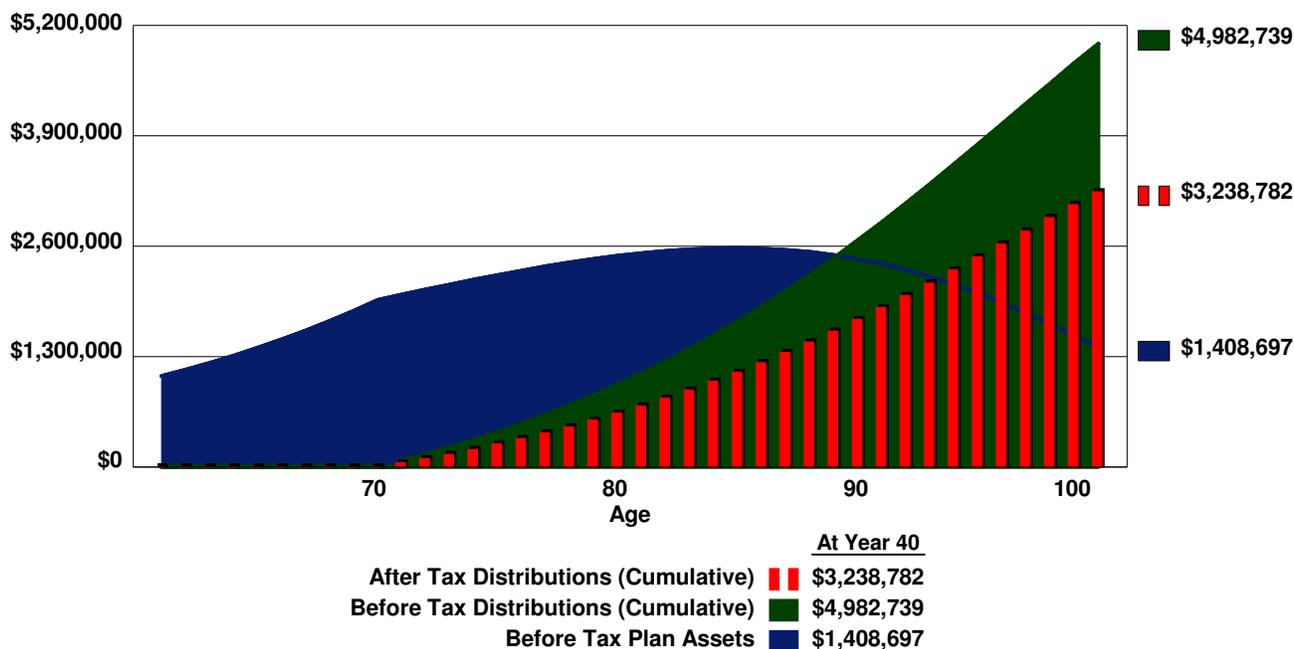
on the minimum amount that should have been distributed.

Required Minimum Distributions

Plan values divided by certain life expectancy factors establishes a minimum which must be distributed each calendar year. Life expectancy is based on either the age of the participant or the joint ages of the participant and a beneficiary. The participant may take more than the minimum at any time.

The required minimum distribution (RMD) is calculated using the Uniform Lifetime table. An exception is allowed if the beneficiary is the spouse and is more than ten years younger than the client. In these cases, the client can elect to use the actual joint table, which results in lower RMDs than the Uniform Lifetime table.

If a participant is willing to endure the many rules, regulations and potential penalties, an IRA can be virtually irresistible as a result of the dynamic combination of funding deductions and tax sheltered asset growth. The accompanying material should be helpful to you in analyzing the value of such a plan.



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

An Individual Retirement Account (IRA)

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

For: Charles Fuller

Accumulation

Initial
Plan Assets
1,000,000

Plan
Yield
7.00%

Accumulation		(1) Beginning of Year Balance in Plan Assets	(2) Contribution to the Plan	(3) Beginning of Year Plan Assets	(4) Year End Plan Assets
Year	Age				
1	60	1,000,000	0	1,000,000	1,070,000
2	61	1,070,000	0	1,070,000	1,144,900
3	62	1,144,900	0	1,144,900	1,225,043
4	63	1,225,043	0	1,225,043	1,310,796
5	64	1,310,796	0	1,310,796	1,402,552
6	65	1,402,552	0	1,402,552	1,500,731
7	66	1,500,731	0	1,500,731	1,605,782
8	67	1,605,782	0	1,605,782	1,718,187
9	68	1,718,187	0	1,718,187	1,838,460
10	69	1,838,460	0	1,838,460	1,967,152

0

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

An Individual Retirement Account (IRA)

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

For: Charles Fuller

Distribution

		Plan Yield 7.00%	Distribution Income Tax Bracket 35.00%			
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 Income from Scheduled Distribution	(5) Year End Plan Assets
1	70	1,967,152	71,794	71,794	46,666	2,028,033
2	71	2,028,033	76,530	76,530	49,745	2,088,108
3	72	2,088,108	81,567	81,567	53,019	2,146,999
4	73	2,146,999	86,923	86,923	56,500	2,204,281
5	74	2,204,281	92,617	92,617	60,201	2,259,481
6	75	2,259,481	98,667	98,667	64,134	2,312,071
7	76	2,312,071	105,094	105,094	68,311	2,361,465
8	77	2,361,465	111,390	111,390	72,404	2,407,581
9	78	2,407,581	118,600	118,600	77,090	2,449,209
10	79	2,449,209	125,600	125,600	81,640	2,486,262
11	80	2,486,262	132,955	132,955	86,421	2,518,038
12	81	2,518,038	140,673	140,673	91,437	2,543,781
13	82	2,543,781	148,759	148,759	96,693	2,562,674
14	83	2,562,674	157,219	157,219	102,192	2,573,836
15	84	2,573,836	166,054	166,054	107,935	2,576,327
16	85	2,576,327	174,076	174,076	113,149	2,570,409
17	86	2,570,409	182,298	182,298	118,494	2,555,278
18	87	2,555,278	190,692	190,692	123,950	2,530,108
19	88	2,530,108	199,221	199,221	129,494	2,494,049
20	89	2,494,049	207,837	207,837	135,094	2,446,246
21	90	2,446,246	214,583	214,583	139,479	2,387,880
22	91	2,387,880	221,100	221,100	143,715	2,318,454
23	92	2,318,454	227,299	227,299	147,744	2,237,536
24	93	2,237,536	233,077	233,077	151,500	2,144,771
25	94	2,144,771	235,689	235,689	153,198	2,042,718
26	95	2,042,718	237,525	237,525	154,391	1,931,557
27	96	1,931,557	238,464	238,464	155,002	1,811,609
28	97	1,811,609	238,370	238,370	154,941	1,683,366
29	98	1,683,366	237,094	237,094	154,111	1,547,511
30	99	1,547,511	230,972	230,972	150,132	1,408,697
			4,982,739	4,982,739	3,238,782	

*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.

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

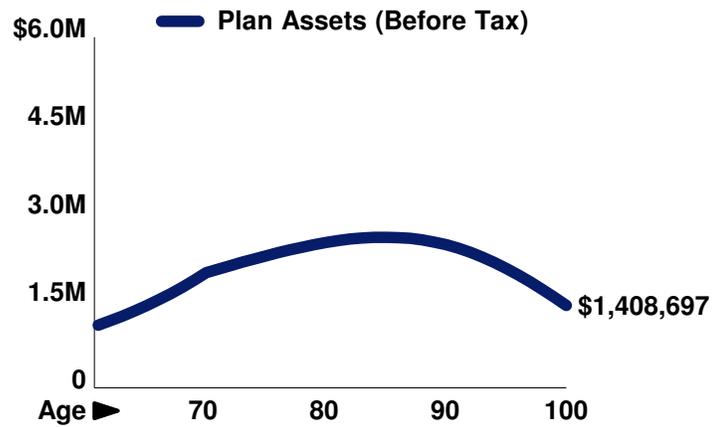
An Individual Retirement Account (IRA)

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

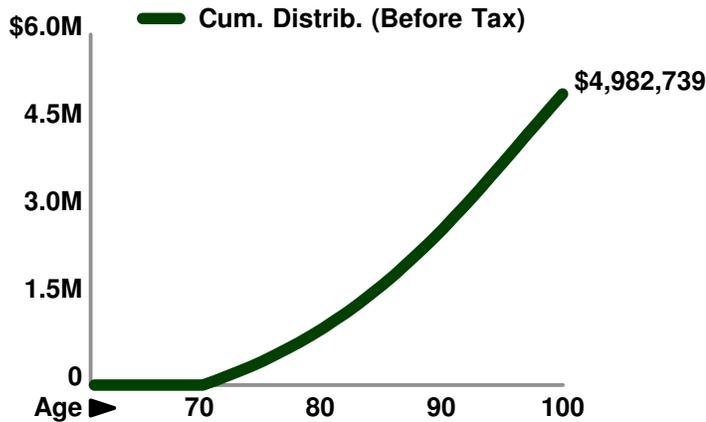
For: Charles Fuller

Accumulation and Distribution

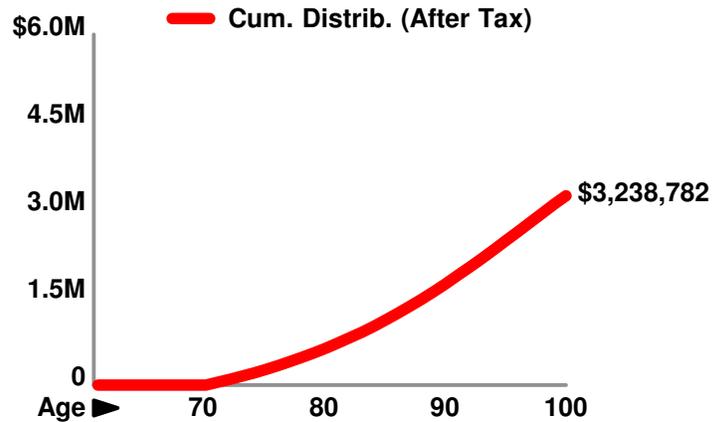
**Plan Assets ¹
(Before Tax)**



**Cumulative Distributions
(Before Tax)**



**Cumulative Distributions
(After Tax)**



¹ Includes an assumed initial balance in the account of \$1,000,000.

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

Roth Individual Retirement Account (Roth IRA)

Preface

A Roth IRA is an asset accumulation and distribution program that has been granted special tax consideration. It has the following characteristics:

Contributions Are Not Deductible

Funding costs are not deductible from current taxable income.

Tax Free Growth

As values grow, earnings are not subject to income tax.

Tax Free Distributions

Contributions can be withdrawn at any time on a tax free basis. Distributions of earnings are tax free provided they begin no earlier than age 59½. Exceptions are allowed under certain circumstances that allow earlier tax free

distribution of earnings.

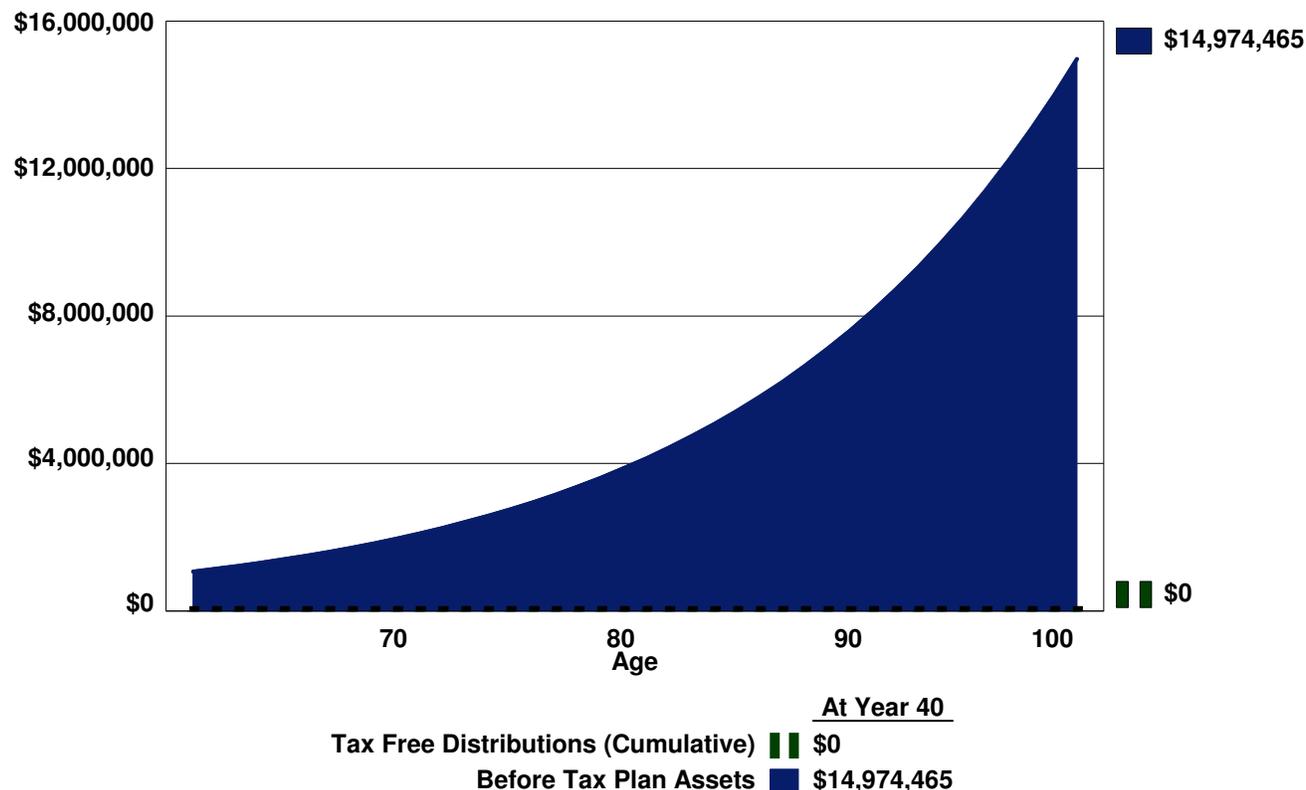
Required Minimum Distributions

There are no required minimum distributions which creates an environment for considerable wealth accumulation for the account holder as well as heirs.

Conversion to a Roth from an Existing IRA

Such conversions are allowed provided income tax is paid on the taxable portion of funds being converted.

As a result of the dynamic combination of tax free growth and tax free distributions, a Roth IRA can be virtually irresistible. The accompanying material should be helpful to you in analyzing your use of such a plan.



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

Roth Individual Retirement Account (Roth IRA)

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

For: Charles Fuller

Accumulation

Initial Plan Assets
1,000,000

Plan Yield
7.00%

Year	Age	(1) Beginning of Year Balance in Plan Assets	(2) Conversion from Other Retirement Plan Assets	(3) Contribution to the Plan	(4) Beginning of Year Plan Assets	(5) Year End Plan Assets
1	60	1,000,000	0	0	1,000,000	1,070,000
2	61	1,070,000	0	0	1,070,000	1,144,900
3	62	1,144,900	0	0	1,144,900	1,225,043
4	63	1,225,043	0	0	1,225,043	1,310,796
5	64	1,310,796	0	0	1,310,796	1,402,552
6	65	1,402,552	0	0	1,402,552	1,500,731
7	66	1,500,731	0	0	1,500,731	1,605,782
8	67	1,605,782	0	0	1,605,782	1,718,187
9	68	1,718,187	0	0	1,718,187	1,838,460
10	69	1,838,460	0	0	1,838,460	1,967,152

0 0

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

Roth Individual Retirement Account (Roth IRA)

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

For: Charles Fuller

Distribution

Plan
Yield
7.00%

Year	Age	(1) Beginning of Year Balance in Plan Assets	(2) Tax Free Scheduled Distribution	(3) Year End Plan Assets
1	70	1,967,152	0	2,104,853
2	71	2,104,853	0	2,252,193
3	72	2,252,193	0	2,409,847
4	73	2,409,847	0	2,578,536
5	74	2,578,536	0	2,759,034
6	75	2,759,034	0	2,952,166
7	76	2,952,166	0	3,158,818
8	77	3,158,818	0	3,379,935
9	78	3,379,935	0	3,616,530
10	79	3,616,530	0	3,869,687
11	80	3,869,687	0	4,140,565
12	81	4,140,565	0	4,430,405
13	82	4,430,405	0	4,740,533
14	83	4,740,533	0	5,072,370
15	84	5,072,370	0	5,427,436
16	85	5,427,436	0	5,807,357
17	86	5,807,357	0	6,213,872
18	87	6,213,872	0	6,648,843
19	88	6,648,843	0	7,114,262
20	89	7,114,262	0	7,612,260
21	90	7,612,260	0	8,145,118
22	91	8,145,118	0	8,715,276
23	92	8,715,276	0	9,325,345
24	93	9,325,345	0	9,978,119
25	94	9,978,119	0	10,676,587
26	95	10,676,587	0	11,423,948
27	96	11,423,948	0	12,223,624
28	97	12,223,624	0	13,079,278
29	98	13,079,278	0	13,994,827
30	99	13,994,827	0	14,974,465
			0	

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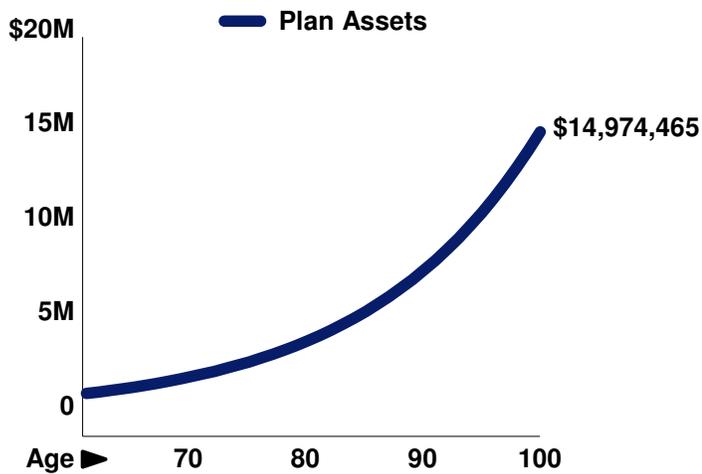
Roth Individual Retirement Account (Roth IRA)

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

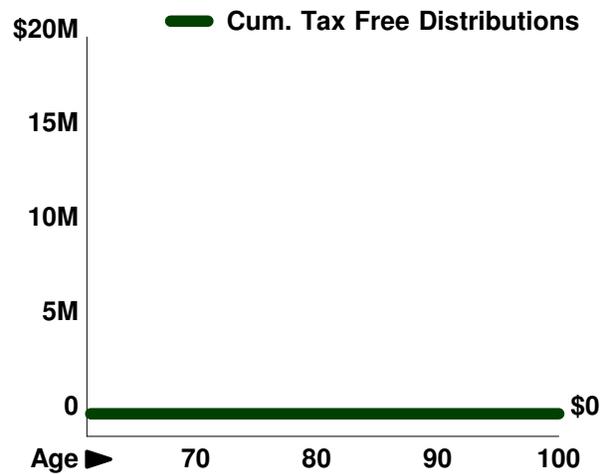
For: Charles Fuller

Accumulation and Distribution

Plan Assets¹



Cumulative Tax Free Distributions



¹ Includes an assumed initial balance in the account of \$1,000,000.

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