

# Advantages of Tax-Deferred Savings



## Taxable Savings Account

Annual Income	\$40,000
Deferral Amount	(\$0)
Deductions	(\$11,849)
<u>After Tax Investment</u>	<u>(\$4,000)</u>

**Net Take-Home Pay \$24,151**

## Tax-Deferred Account

Annual Income	\$40,000
Deferral Amount	(\$4,000)
Deductions	(\$10,965)
<u>After Tax Investment</u>	<u>(\$0)</u>

**Net Take-Home Pay \$25,035**

**Increase in Take-Home Pay for one year equals \$884**