













# *Retirement Plans*

## **Which One is for You?**

	IRA or 401(k)	Non-Qualified Alternative	Home Equity Retirement Plan
<b><i>CONTRIBUTION</i></b>	 Tax Favored	 Taxed	 Tax Favored
<b><i>ACCUMULATION</i></b>	 Tax Favored	 Tax Favored	 Tax Favored
<b><i>WITHDRAWAL</i></b>	 Taxed	 Tax Favored	 Tax Favored
<b><i>TRANSFER</i></b>	 Taxed	 Tax Favored	 Tax Favored

# The Cost of Tax-Deductible Interest Expense

## Dollar Analysis

- Interest Expense \$12,000
- Tax Savings \$ 4,000
- Real Cost of Interest \$ 8,000

Interest Rate	6.00%	7.00%	8.00%	9.00%
Less Tax Benefit	-2.00%	-2.33%	-2.66%	-3.00%
Effective Interest Rate	4.00%	4.67%	5.34%	6.00%

# *The Advantages of Separation of Equity*

## **Liquidity**

- *Access when you need it.*

## **Safety**

- *Asset Protection.*

## **Rate of Return**

- *Creating the Arbitrage.*

## **Choice and Control**

- *You're in Charge.*

## **Preferred Debt**

- *Tax favored.*

## 3 IRC Approved Methods For Tax Deferral

- 1) Real Estate- 1031 exchange
- 2) Qualified Plans- IRA, 401k
- 3) Life Insurance and Annuities

A Dollar  
Doubling  
every  
Period for  
20 Periods  
**Tax Free**

<u>P e r i o d s</u>	<u>T a x F r e e</u>
	\$ 1
1	\$ 2
2	\$ 4
3	\$ 8
4	\$ 1 6
5	\$ 3 2
6	\$ 6 4
7	\$ 1 2 8
8	\$ 2 5 6
9	\$ 5 1 2
1 0	\$ 1 , 0 2 4
1 1	\$ 2 , 0 4 8
1 2	\$ 4 , 0 9 6
1 3	\$ 8 , 1 9 2
1 4	\$ 1 6 , 3 8 4
1 5	\$ 3 2 , 7 6 8
1 6	\$ 6 5 , 5 3 6
1 7	\$ 1 3 1 , 0 7 2
1 8	\$ 2 6 2 , 1 4 4
1 9	\$ 5 2 4 , 2 8 8
2 0	<b>\$ 1 , 0 4 8 , 5 7 6</b>

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A Dollar  
 Doubling  
 every  
 Period for  
 20 Periods  
**Taxed as  
 Earned**

<u>Periods</u>	<u>Taxed as Earned</u>
	\$ 1
1	\$ 2
2	\$ 3
3	\$ 5
4	\$ 9
5	\$ 1 6
6	\$ 2 7
7	\$ 4 6
8	\$ 8 0
9	\$ 1 3 9
1 0	\$ 2 4 0
1 1	\$ 4 1 5
1 2	\$ 7 1 9
1 3	\$ 1 , 2 4 3
1 4	\$ 2 , 1 5 1
1 5	\$ 3 , 7 2 1
1 6	\$ 6 , 4 3 8
1 7	\$ 1 1 , 1 3 7
1 8	\$ 1 9 , 2 6 8
1 9	\$ 3 3 , 3 3 3
2 0	<b>\$ 5 7 , 6 6 6</b>

\*Assuming a 27% tax bracket

# The Beauty and Magic of Tax Free Growth

Tax Free

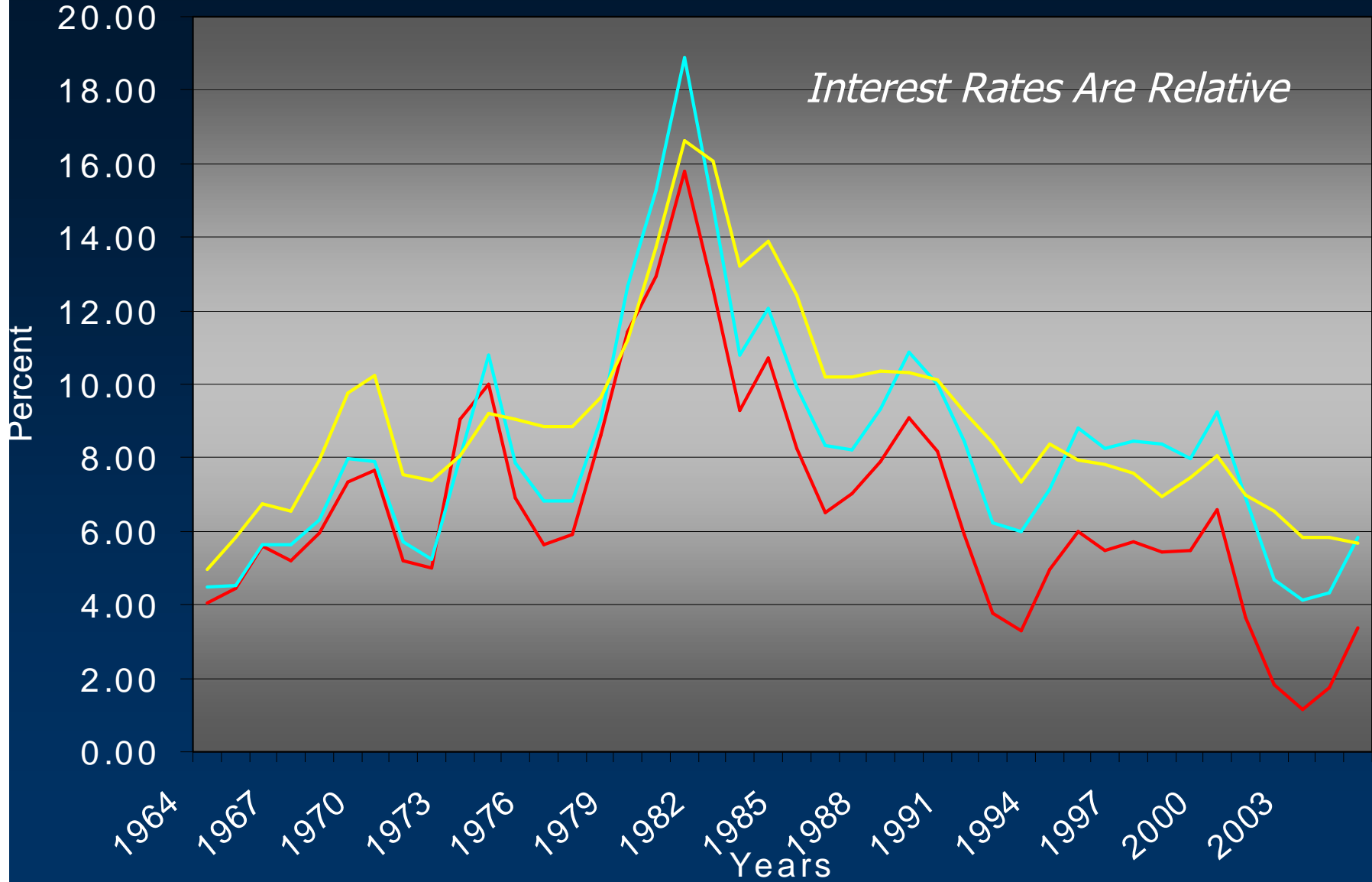
**\$1,048,576**

Taxed

**\$57,666**

\*Assuming a 27% tax bracket

# CD, Mortgage, & Prime Rates



— 6m CD      — Prime Rate      — Mortgage rates

# Effective Interest Rate of a 6% Loan

