

Which account **OPTION IS RIGHT** for me?

When considering which account option to choose, you need to understand your current finances and future goals. The RSA-1 Plan gives you the choice of tax savings now with the Pre-Tax Account or tax savings later with the Roth Account.



DAVID age 45

- In his "peak" earning years
- Wants a current tax break
- Doesn't want to lose a tax deduction right now
- Expects to be in a lower tax bracket when he retires

Comparing David's Options	Pre-Tax Account	Roth Account
Gross Income	\$75,000	\$75,000
Annual Salary Available to Save	10,000	10,000
Less Taxes at 25%	0	(2,500)
Yearly Contribution	10,000	7,500
Total Contributed Over 20 Years	200,000	150,000
Contribution Value at Retirement (assuming 6% return)	377,866	283,399
Less Taxes at 15%	56,680	0
After-Tax Value	321,186	283,399

David is Considering a Pre-Tax Account



LILLY age 25

- Wants long-term, tax-free growth potential
- Isn't worried about tax deductions now
- Confident her salary will increase in the coming years
- Expects to be in a higher tax bracket when she retires

Comparing Lilly's Options	Pre-Tax Account	Roth Account
Gross Income	\$ 43,000	\$43,000
Annual Salary Available to Save	3,000	3,000
Less Taxes at 15%	0	(450)
Yearly Contribution	3,000	2,550
Total Contributed Over 40 Years	120,000	102,000
Contribution Value at Retirement (assuming 6% return)	476,919	405,381
Less Taxes at 33%	157,383	0
After-Tax Value	319,536	405,381

Lilly is Considering a Roth Account



KAREN age 55

- Wants tax flexibility now and in retirement
- Likes the idea of tax-free retirement income, but also likes her current tax deduction
- Unsure if her future tax bracket will be higher or lower
- Wants to optimize her tax strategy year-to-year as retirement income

Comparing Karen's Options	Pre-Tax Account	Roth Account
Gross Income	\$60,000	\$60,000
Annual Salary Available to Save	6,000	6,000
Less Taxes at 25%	0	(1,500)
Yearly Contribution	6,000	4,500
Total Contributed Over 10 Years	60,000	45,000
Contribution Value at Retirement (assuming 6% return)	81,237	60,928
Less Taxes at 25%	20,309	0
After-Tax Value	60,928	60,928

Karen is Considering a Combination of a Pre-Tax Account and a Roth Account