Advantages of Tax-Deferred Savings



T	'axal	<u>ble</u>	Sav	ings	Acc	ount

Tax-Deferred Account

Annual Income \$40,000

Deferral Amount (\$0)

Deductions (\$11,849)

After Tax Investment (\$4,000)

Net Take-Home Pay \$24,151

Annual Income \$40,000

Deferral Amount (\$4,000)

Deductions (\$10,965)

After Tax Investment (\$0)

Net Take-Home Pay \$25,035

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