

RETIREMENT

readings

TAXABLE VS. TAX-DEFERRED INVESTMENTS

How much would you have to earn each year from a taxable investment in order to equal earnings on a tax-deferred investment?

Annual Tax-Deferred Yield	Federal Income Tax Bracket:					
	10%	12%	22%	24%	32%	35%
	<i>Annual Taxable Equivalent Yield</i>					
3%	3.33%	3.41%	3.85%	3.95%	4.41%	4.62%
3.5%	3.89%	3.98%	4.49%	4.61%	5.15%	5.38%
4%	4.44%	4.55%	5.13%	5.26%	5.88%	6.15%
4.5%	5.00%	5.11%	5.77%	5.92%	6.62%	6.92%
5%	5.56%	5.68%	6.41%	6.58%	7.35%	7.69%
5.5%	6.11%	6.25%	7.05%	7.24%	8.09%	8.46%
6%	6.67%	6.82%	7.69%	7.89%	8.82%	9.23%
6.5%	7.22%	7.39%	8.33%	8.55%	9.56%	10.00%
7%	7.78%	7.95%	8.97%	9.21%	10.29%	10.77%
7.5%	8.33%	8.52%	9.62%	9.87%	11.03%	11.54%
8%	8.89%	9.09%	10.26%	10.53%	11.76%	12.31%
8.5%	9.44%	9.66%	10.90%	11.18%	12.50%	13.08%
9%	9.00%	10.23%	11.54%	11.85%	13.24%	13.85%
9.5%	10.56%	10.80%	12.18%	12.50%	13.97%	14.62%
10%	11.11%	11.36%	12.82%	13.16%	14.71%	15.38%

This chart illustrates the potential benefits of a tax-deferred investment vs. a taxable investment. For example, if an investor in the 24% federal income tax bracket purchases a tax-deferred investment with a 5% annual yield, that investor's taxable equivalent yield is 6.58%. This means the investor would need to earn at least 6.58% on a taxable investment in order to match the 5% tax-deferred annual yield.

This chart is for illustrative purposes only and is not indicative of any particular investment or performance. In addition, it does not reflect any federal income tax that may be due when an investor receives distributions from a tax-deferred investment.

Please contact my office if you'd like more information on taxable vs. tax-deferred investments.

Brought to you by:



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About our firm:

M.W. Arago is an independent firm that provides a comprehensive range of personalized investment management, wealth planning and taxation services. We are a registered investment adviser under the Investment Advisers Act of 1940. Our offices are located in Cumberland, RI. We have a nationally diversified clientele that includes individuals, families, corporations, trusts and estates.

QUOTES

from the Masters...

On Life/ Living

"Life is no brief candle to me. It is a sort of splendid torch which I have got a hold of for the moment, and I want to make it burn as brightly as possible before handing it on to future generations."

-- **George Bernard Shaw**

"If you hear a different drummer, take a chance. The road you choose to travel means the difference in the dance."

-- **Daniel Morgan**

On Basics

"He that is good, will infallibly become better, and he that is bad, will as certainly become worse; for vice, virtue and time are three things that never stand still."

-- **Charles Caleb Colton**

"Life may change, but it may fly not; Hope may vanish, but can die not; Truth be veiled, but still it burneth; Love repulsed, but it returneth."

-- **Percy Bysshe Shelley**

MESSAGES

from the Masters...

12 WAYS TO KEEP YOUR LOVE ALIVE

by Gary Smalley

1. Praise is such a great gift, and it's so easy to give. So look at the things that make your spouse and others unique and develop the habit of praising them for those special things.
2. Every painful trial is like an oyster, and there is a precious pearl - a personal benefit - in every one; every single one.
3. Don't go it alone. Welcome fresh insights of other perspectives - from extended family, friends, good marriage books, or a qualified marriage counselor.
4. In a mutually satisfying relationship, both people's needs are expressed, and they have the flexibility to give and take.
5. Honor goes hand in glove with love, a verb whose very definition is doing worthwhile things for someone who is valuable to us.
6. All our trials, great and small, can bring more of the two best things in life: love for life and love for others.
7. Oneness does not mean that one mate dominates the other or that the stronger controls the weaker.
8. Anger is our choice. We can choose to see its powerful potential for destruction and take steps to reduce it within us. Otherwise, it's an iceberg sinking our love.
9. Better understanding of the motivations and actions that grow out of our basic personalities can help us achieve personal and marital satisfaction.
10. Sharing deep feelings with each other is emotional intercourse, and it's vital to sexual satisfaction.
11. As we reach out to another, our own needs for fulfillment and love are met.
12. Give seven or more praises for every one fault-finding suggestion.

The purpose of this newsletter is to provide information of general interest to our clients, potential clients and other professionals. The information provided is general in nature and should not be considered complete information on any product or concept described.

For more complete information, please contact me (Office: (401) 475-7570).

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