

**Comparison of Returns for a Roth IRA and a Regular IRA**  
**\$2,000 Invested at a 10% Annual Rate of Return**  
**With a 28% Assumed Income Tax Rate**  
**For a 10 Year Period**

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	(A) Roth IRA	(B) Regular IRA	(C) If Tax on Roth IRA Is Invested
Investment	\$ 2,000.00	\$ 2,000.00	
Income Tax @28%	(560.00)	-	
Net Investment	1,440.00	2,000.00	\$ 560.00
Returns:			
Year1	144.00	200.00	56.00
Year2	158.40	220.00	61.60
Year3	174.24	242.00	67.76
Year4	191.66	266.20	74.54
Year5	210.83	292.82	81.99
Year6	231.91	322.10	90.19
Year7	255.10	354.31	99.21
Year8	280.62	389.74	109.13
Year9	308.68	428.72	120.04
Year10	339.54	471.59	132.05
Total Available	3,734.99	5,187.48	1,452.50
Less Income Tax @28%	-	(1,452.50)	(406.70)
Net Available	\$ 3,734.99	\$ 3,734.99	\$ 1,045.80

Net Available on Regular IRA	\$ 3,734.99
Net Available on Invested Roth Tax	1,045.80
Net Available on Regular IRA + Roth Tax	<u>4,780.79</u>
Net Available on Roth IRA	<u>3,734.99</u>
Advantage of Regular IRA	<u><u>\$ 1,045.80</u></u>

Conclusion: There is no benefit to a Roth IRA over a regular IRA - except to the U. S. government! Invest in a regular IRA instead, plus what you would have paid in tax for a Roth IRA. A regular IRA that you can deduct provides you with additional tax savings which you can invest. In addition, when you withdraw your regular IRA, you will probably not withdraw everything at once. The portion that you do not withdraw will continue to earn money and put you that much more ahead.

Even if your IRA is not deductible, you are better off without a Roth IRA - there may be paperwork required for a Roth IRA. There is also a good possibility that you will have to come up with an additional income tax amount - do you think the IRS wants to let you convert an IRA that would be only tax-deferred over to an IRA that will never have to pay income tax, without paying income tax up front?