Quicken and VeriPlan - A Comparison of Retirement Contributions to Tax-advantaged Retirement Plans

Category : Quicken and VeriPlan - A Comparison of Personal Financial Lifecycle Planners

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In this series of short articles, *The Skilled Investor* compares the functionality of the Quicken and VeriPlan financial lifecycle planners. At the bottom of this article you will find links to the previous topic and the next topic. A link is also provided that returns you to the main topic listing of this comparison.***VeriPlan Personal Financial Lifecycle Planner**VeriPlan has automated your lifecycle projections regarding the various tax-advantaged employer plans and personal accounts that allow you to defer taxation or to avoid future taxation altogether. VeriPlan automatically projects separate values for your taxable, traditional 'tax-deferred,' and Roth 'never-taxed' asset accounts. For traditional tax-deferred IRA accounts and Roth 'never-taxed' IRA accounts, VeriPlan automates the projection of your lifecycle IRA contributions, deductions, asset growth, withdrawals, and taxation. It automatically assesses federal early withdrawal penalties, when required, and state early withdrawal penalties, if you supply one. (See: VeriPlan helps you to decide what your lifetime tax-advantaged and tax-deferred investment strategy should be)**Quicken Retirement Planner**The documentation for the Quicken Retirement Planner indicates that it has incorporated all tax-advantaged retirement plan rules. However, it is difficult to tell what happens since the Quicken Retirement Planner only reports aggregate projection values stated in inflationary dollars for the tax-deferred assets of either spouse. Quicken's documentation states that its "Life Events Planners treat all distributions from tax-deferred plans as 100 percent taxable." The Quicken Retirement Planner does not differentiate between traditional and Roth tax-advantaged payouts. Instead, Quicken's documentation implies that the Quicken Retirement Planner assesses an average tax rate against gains on all distributions from "tax-deferred" accounts. Therefore, the Quicken Retirement Planner ignores any tax basis that you may have in a traditional tax-advantaged account, and it ignores the fact that Roth withdrawals should not be taxed at all. Furthermore, the documentation of the Quicken Retirement Planner makes several references to tax-advantaged plan limits for 1999, even though we were evaluating the 2007 version of Quicken.

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* Lawrence Russell and Company is the publisher of *The Skilled Investor* and the developer of VeriPlan. *The Skilled Investor* has made an attempt to characterize factually the functionality of both the Quicken Retirement Planner and VeriPlan.

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