



Blog #124

Fee and Tax Drag on the Equity Account

Fee and tax drag assumptions for the equity account in Blog #124:

- 25% short-term capital gains,
75% long-term capital gains;
- 45.00% income tax bracket;
- 30% capital gains tax;
- 30% dividend tax;
- 40% portfolio turnover;
- 1.50% management fee.

When you account for the fees and taxes associated with owning an equity account, IUL easily outperforms it even when a greater yield assumption is present for the equities as is the case in Blog #124.