

Equivalent Taxable Yield

During the Accumulation Phase, Tax-Deferred Annuities Earn:

- Interest on Principal
- Interest on Interest

2008 Federal Effective Tax Rates

	10%	15%	25%	28%	33%	35%
SINGLE RETURN	UP TO \$8,025	\$8,026-\$32,550	\$32,551-\$78,850	\$78,851-\$164,550	\$164,551-\$357,700	OVER \$357,700
JOINT RETURN	UP TO \$16,050	\$16,051-\$65,100	\$65,101-\$131,450	\$131,451-\$200,300	\$200,301-\$357,700	OVER \$357,700
Annuity Rate	Pre-Tax Rate Equivalent to Annuity Rate					
6.50%	7.22%	7.65%	8.67%	9.03%	9.70%	10.00%
6.25%	6.94%	7.35%	8.33%	8.68%	9.33%	9.62%
6.00%	6.67%	7.06%	8.00%	8.33%	8.96%	9.23%
5.75%	6.39%	6.76%	7.67%	7.99%	8.58%	8.85%
5.50%	6.11%	6.47%	7.33%	7.64%	8.21%	8.46%
5.25%	5.83%	6.18%	7.00%	7.29%	7.84%	8.08%
5.00%	5.56%	5.88%	6.67%	6.94%	7.46%	7.69%
4.75%	5.28%	5.59%	6.33%	6.60%	7.09%	7.31%
4.50%	5.00%	5.29%	6.00%	6.25%	6.72%	6.92%
4.25%	4.72%	5.00%	5.67%	5.90%	6.34%	6.54%
4.00%	4.44%	4.71%	5.33%	5.56%	5.97%	6.15%
3.75%	4.17%	4.41%	5.00%	5.21%	5.60%	5.77%
3.50%	3.89%	4.12%	4.67%	4.86%	5.22%	5.38%
3.25%	3.61%	3.82%	4.33%	4.51%	4.85%	5.00%
3.00%	3.33%	3.53%	4.00%	4.17%	4.48%	4.62%
2.75%	3.06%	3.24%	3.67%	3.82%	4.10%	4.23%
2.50%	2.78%	2.94%	3.33%	3.47%	3.73%	3.85%
2.25%	2.50%	2.65%	3.00%	3.13%	3.36%	3.46%
2.00%	2.22%	2.35%	2.67%	2.78%	2.99%	3.08%

The annuity rate on this chart does not reflect fees and expenses, surrender charges, or taxes assessed on distributions. Taxable distributions and/or those subject to surrender charges decrease the effective annuity rate. Distributions from an annuity contract taken prior to annuitization are generally considered to come from the gain in the contract first. If the contract is tax-qualified, generally all withdrawals are treated as distributions of gain. Withdrawals of gain are taxed as ordinary income and, if taken prior to age 59 1/2, may be subject to an additional 10% federal tax penalty.

During each year of the accumulation phase, a 4.0% annuity rate is equivalent to a 5.33% taxable investment rate for an individual in the 25% effective federal tax rate. In other words, a taxable investment would have to earn 1.33% more in taxable interest than the annuity earns.

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LINCOLN BENEFIT LIFE
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After-Tax Yield

How much are you really earning?

2008 Federal Effective Tax Rates

	10%	15%	25%	28%	33%	35%
SINGLE RETURN	UP TO \$8,025	\$8,026-\$32,550	\$32,551-\$78,850	\$78,851-\$164,550	\$164,551-\$357,700	OVER \$357,700
JOINT RETURN	UP TO \$16,050	\$16,051-\$65,100	\$65,101-\$131,450	\$131,451-\$200,300	\$200,301-\$357,700	OVER \$357,700
Taxable Earnings Rate	After-Tax Yield					
6.50%	5.85%	5.53%	4.88%	4.68%	4.36%	4.23%
6.25%	5.63%	5.31%	4.69%	4.50%	4.19%	4.06%
6.00%	5.40%	5.10%	4.50%	4.32%	4.02%	3.90%
5.75%	5.18%	4.89%	4.31%	4.14%	3.85%	3.74%
5.50%	4.95%	4.68%	4.13%	3.96%	3.69%	3.58%
5.25%	4.73%	4.46%	3.94%	3.78%	3.52%	3.41%
5.00%	4.50%	4.25%	3.75%	3.60%	3.35%	3.25%
4.75%	4.28%	4.04%	3.56%	3.42%	3.18%	3.09%
4.50%	4.05%	3.83%	3.38%	3.24%	3.02%	2.93%
4.25%	3.83%	3.61%	3.19%	3.06%	2.85%	2.76%
4.00%	3.60%	3.40%	3.00%	2.88%	2.68%	2.60%
3.75%	3.38%	3.19%	2.81%	2.70%	2.51%	2.44%
3.50%	3.15%	2.98%	2.63%	2.52%	2.35%	2.28%
3.25%	2.93%	2.76%	2.44%	2.34%	2.18%	2.11%
3.00%	2.70%	2.55%	2.25%	2.16%	2.01%	1.95%
2.75%	2.48%	2.34%	2.06%	1.98%	1.84%	1.79%
2.50%	2.25%	2.13%	1.88%	1.80%	1.68%	1.63%
2.25%	2.03%	1.91%	1.69%	1.62%	1.51%	1.46%
2.00%	1.80%	1.70%	1.50%	1.44%	1.34%	1.30%

A taxable investment earning a rate of 5.00% really only earns 3.75% after taxes for an individual in the 25% effective federal tax rate and 3.25% for an individual in the 35% effective federal tax rate. As you can see, individuals in the higher tax bracket incur greater tax liability.

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