

## Unleash the Power of Tax Deferral

During your retirement savings years, tax-deferred growth can help you build a larger balance to use to pay yourself during retirement. In retirement, you may find yourself in a lower income tax bracket due to lower annual income, making tax deferral even more attractive. Tax-deferred growth is one of the key features that differentiates deferred annuities from other taxable savings products.

**Example: How It Works**

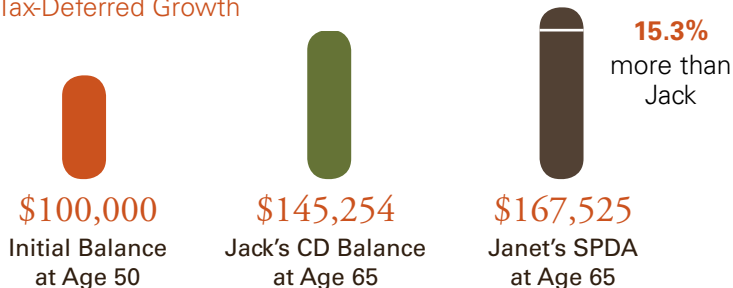
Janet and her twin brother Jack, age 50, are saving for retirement. Both plan on working 15 more years. Neither plans to use their savings until retirement. However, they chose different ways to protect and grow their money set aside to cover essential expenses.

**Janet's Plan:** She purchased a single premium deferred annuity (SPDA) because her interest earnings grow tax-deferred and are not taxed until withdrawn.

**Jack's Plan:** He purchased a CD and regularly searches for the best interest rate. Unlike Janet's SPDA, Jack's CD earnings are added to his income each year and he is taxed accordingly.

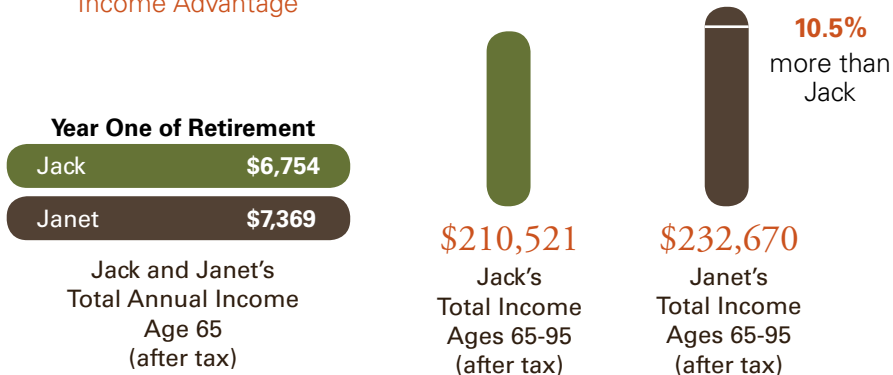
Janet and Jack each start with \$100,000 initial balance at age 50. Because Janet understood the power of tax deferral, she has built a **15.3%** larger account balance from which to pay herself during retirement.

**The Pre-Retirement Years**  
Tax-Deferred Growth



At retirement (age 65), Janet and Jack each begin taking a 5% withdrawal annually. Because Janet has a higher account balance, in the first year of retirement she pays herself **9.1%** more than Jack (after tax).

**The Retirement Years**  
Income Advantage



Over the course of the next 30 years, Janet pays herself **10.5%** more, on an after-tax basis, than Jack.

See next page for Taxable Equivalent Yield Chart.

Hypothetical Example Assumptions: \$100,000 initial balance, constant 3.5% interest rate for both fixed annuity and CD throughout the time period illustrated; both Janet and Jack are taxed at a 28% federal income tax rate on recognized earnings while working and 15% once retired; Jack's withdrawal amount each year from his CD equals his tax liability; Janet takes no money from her SPDA for 15 years. No assumptions are made concerning taxpayer deductions, any impact of the alternative minimum tax, or about state and local taxation. If the assumptions used are different from actual practice the results will vary.

## Taxable Equivalent Yield Chart

### Other Considerations

#### Social Security Taxation

The annual interest earned from a CD can impact how much of your Social Security check will be taxed. In comparison, as long as earnings stay in a deferred annuity, they won't affect taxation of Social Security benefits.

#### 3.8% Healthcare Surtax

Beginning in 2013 a new 3.8% surtax will apply to certain "net investment income" for individuals whose modified adjusted gross income (MAGI) exceeds specified levels. For example, a couple filing jointly with a MAGI of \$255,000 of which \$5,000 is interest earnings from certificates of deposit (CDs), will pay the surtax on \$5,000, in addition to their other federal income tax liabilities.

The table below can help determine the interest rate needed on a taxable investment to equal the growth in a tax-deferred annuity. Below are the projected<sup>1</sup> federal marginal income tax brackets for 2011.

Tax Deferred Rate	Federal Marginal <sup>2</sup> Income Tax Bracket				
	15%	28%	31%	36%	39.6%
<b>7.00%</b>	8.24	9.72	10.14	10.94	11.59
<b>6.50%</b>	7.65	9.03	9.42	10.16	10.76
<b>6.00%</b>	7.06	8.33	8.70	9.38	9.93
<b>5.50%</b>	6.47	7.64	7.97	8.59	9.11
<b>5.00%</b>	5.88	6.94	7.25	7.81	8.28
<b>4.50%</b>	5.29	6.25	6.52	7.03	7.45
<b>4.00%</b>	4.71	5.56	5.80	6.25	6.62
<b>3.50%</b>	4.12	4.86	5.07	5.47	5.79
<b>3.00%</b>	3.53	4.17	4.35	4.69	4.97
<b>2.50%</b>	2.94	3.47	3.62	3.91	4.14
<b>2.00%</b>	2.35	2.78	2.90	3.13	3.31

Unleash the power of tax deferral on your retirement savings. Discuss the benefits of a fixed annuity with your financial professional today.

<sup>1</sup> Projections by the Joint Committee on Taxation based on Congressional Budget Office baseline inflation estimates.

<sup>2</sup> The marginal tax bracket is the highest tax rate imposed on your income.

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