

Build predictable income to help finance Medicare premiums with Assured Edge Income Builder[®]



The premiums associated with Medicare can add up quickly and last a lifetime. To help get a better understanding of these ongoing premium costs you will face in retirement, consider this hypothetical example below.

Medicare annual premium cost example (Married couple filing joint tax return with income of \$212,000 or less in 2023)	
Coverage	Cost
Part A premium - Hospital insurance Deductible and co-payments covered by Medigap Plan G	\$0
Part B premium - Medical insurance Coinsurance covered by Medigap Plan G	\$2,477.00 ¹
Part D premium - Medicare Prescription Drug Coverage	\$1,536.00 ²
Medigap Plan G premium - Medicare Supplement Insurance	\$1,908.00 ³
Total per individual/per couple	\$5,921/\$11,842

This hypothetical example assumes an original Medicare approach consisting of Part A, Part B, Part D and Medigap Plan G. Of course, your actual costs will vary based on the Medicare approach and options you choose, along with your income level.

It's also important to consider that, while a Medigap policy can help pay for some of the health care costs that Medicare doesn't cover, such as copayments, coinsurance and deductibles, Medigap policies generally don't cover long-term care (such as a nursing home), vision or dental care, hearing aids, eye-glasses or private duty nursing. Those are additional expenses you may need to prepare for as you plan.

Annuities issued by **American General Life Insurance Company (AGL)** and **The Variable Annuity Life Insurance Company (VALIC)**. Guarantees are backed by the claims-paying ability of the issuing insurance company.

Not FDIC or NCUA/NCUSIF Insured
May Lose Value • No Bank or Credit Union Guarantee Not a Deposit • Not Insured by any Federal Government Agency

Meet Pat and Kathy



Who are Pat and Kathy

- Couple Pat and Kathy are both age 58 and want to retire at age 65.
- They have determined that they will need approximately \$11,842 per year for life from the age of 65 to replenish their annual Medicare premium costs. They need a plan.

Create a plan

- Pat and Kathy are considering whether to generate predictable lifetime income with Assured Edge Income Builder, a fixed annuity with a guaranteed lifetime withdrawal benefit, or to invest a portion of their savings in a non-guaranteed income product.
- See the table below for what Pat and Kathy would need to allocate to Assured Edge versus a non-guaranteed income investment at ages 65, 60 and 58, to meet their income requirements.

Assured Edge Income Builder versus a non-guaranteed income investment

Amounts needed to generate annual income of \$11,842 at age 65⁴

Investment variables		Option 1 Income now	Option 2 Income 5 years later	Option 3 Income 7 years later
Factors	Wait	—	5	7
	Issue age	65	60	58
	Income age	65	65	65
	Required income	\$11,842	\$11,842	\$11,842
Guaranteed income with Assured Edge	Initial income %	6.80%	6.30%	6.10%
	Required premium	\$174,147	\$131,908	\$121,712
Non-guaranteed income	Amount required to meet income needs at the 3.50% safe withdrawal rate	\$338,343	\$338,343	\$338,343
	Annual rate of return required to meet income need investing same investment amount	—	20.73%	15.73%

Example above is for hypothetical purposes only and based on the income percentage (joint coverage) and income growth rate as of 2/03/2025. This is not an actual case, and is intended solely to depict how the product might work. It does not reflect the value of any specific contract. Hypothetical example does not take into account any taxes. Taxes, if reflected, would reduce the net amount of the annuity withdrawals.

At age 60, Pat and Kathy would need \$131,908 for Assured Edge to meet their annual income need at age 65. Were they to invest the same amount (\$131,908) in a non-guaranteed income product, they would need to achieve an average annual rate of return of 20.73% over five years to accumulate the necessary \$338,343 base, which will provide the required annual income (\$11,842), assuming a 3.50% safe withdrawal rate.

Consider the choices

Option 1

Purchase at age 65 for income now.

Pat and Kathy's one-time premium in Assured Edge would be \$174,147 to earn \$11,842 per year for life. Their one-time allocation to an investment with non-guaranteed income would be \$338,343 to generate \$11,842 per year for life.

Option 2

Purchase at age 60 for income in five years.

Pat and Kathy would need to allocate just \$131,908 to Assured Edge to generate \$11,842 per year for life at age 65. For non-guaranteed income, the investment amount of \$131,908 would need to grow to \$338,343—an average annual rate of return of 20.73% for five years—to meet the annual income need of \$11,842 per year for life at age 65.

Option 3

Purchase at age 58 for income in seven years.

Pat and Kathy's allocation to Assured Edge would be only \$121,712 to generate \$11,842 per year for life at age 65. The same investment of \$121,712 in a non-guaranteed income product would need to grow to \$338,343—an average annual rate of return of 15.73%—to meet the annual income need of \$11,842 per year for life at age 65.

The results

Pat and Kathy's plan is to allocate part of their retirement assets to an Assured Edge Income Builder fixed annuity.

Guaranteed payments each year for as long as they live—

even if the contract value is completely depleted because of lifetime withdrawals.⁴

Opportunity to grow their future income with an 8.5% income credit every year

until they start receiving lifetime income payments.⁵

No need to worry about stock market ups and downs because Assured Edge Income Builder is a fixed annuity.

Assured Edge Income Builder—predictable, guaranteed income for life.

Three questions to ask yourself

Repositioning a portion of your portfolio to Assured Edge Income Builder may give you an edge in retirement. You need a future that is secure—and guaranteed income can be very appealing when you are approaching retirement or enjoying retirement. When looking where to allocate a portion of your savings, consider the following questions.



Are you comfortable that an initial allocation of \$131,908 in a non-guaranteed income investment **will grow at an average annual rate of return of 20.73%** to \$338,343 in five years?



Are you comfortable that an initial allocation of \$121,712 in a non-guaranteed income investment **will grow at an average annual rate of return of 15.73%** to \$338,343 in seven years?



Are you comfortable that you **can maintain the balance of \$338,343 in any of the three scenarios** after you start taking the 3.50% safe withdrawal amount for your lifetime?

Bear in mind

Fees and an annual 3.50% safe withdrawal rate could put pressure on your account balance. One down year in the market will have a major impact on the non-guaranteed income strategy. A guaranteed fixed annuity like Assured Edge can take away this worry and provide a sense of security that Medicare—or any known expense that will last your lifetime—will be accounted for.

Individuals should contact Medicare directly at 1-800-MEDICARE (1-800-633-4227) for personalized Medicare help or visit [medicare.gov](https://www.medicare.gov).

¹ Part B monthly premium of \$185.00 plus Part B annual deductible of \$257. Source: Medicare.gov, "Fact Sheet - 2025 Medicare Costs," December, 2024.

² www.kff.org, "Medicare Part D in 2025: A First Look at Prescription Drug Plan Availability, Premiums and Cost Sharing," 11/22/24. Actual premiums paid by Part D enrollees vary considerably. For 2025, the average monthly premiums for the 12 national prescription drug plans (PDPs) are projected to range from around \$3 to \$128. A deductible for drug coverage may also apply depending on the plan selected.

³ Talon Abernathy, "How Much Does Medicare Cost in 2025?" ValuePenguin, 11/18/24. For 2025, Plan G, the most popular Medigap plan choice, costs an average of \$159 per month.

⁴ Assured Edge income percentages and the income growth rate are set periodically by the company and may be different from what is shown. Ask your financial professional for current rates.

⁵ The amount can decrease if you take a withdrawal in excess of the guaranteed lifetime income amount or permitted required minimum withdrawals (RMDs), if greater.

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Annuities are long-term insurance products designed for retirement. Withdrawals other than the guaranteed lifetime income amount (GLIA) or a change in cover person(s) may affect the GLIA. See the product overview or brochure for details. Withdrawals may be subject to federal and/or state income taxes. An additional 10% federal tax may apply if withdrawals are taken before age 59½ in addition to ordinary income tax. Partial withdrawals may reduce benefits and contract value.

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