

## Take a closer look at the power of tax deferral

Tax deferral can be a powerful tool for helping you reach your long-term retirement savings goals. With a tax-deferred savings or investment strategy, the money that might otherwise go to pay current taxes remains invested for greater long-term growth potential. As a result, any interest, dividends and capital gains you earn can benefit from the power of tax-deferred compounding.

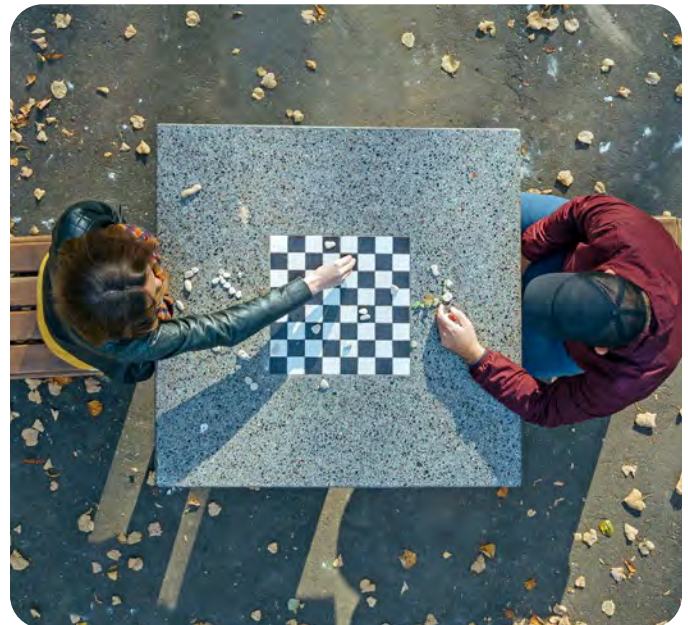
### Action Planner **action steps**

#### Explore a way to help lower current income taxes

Saving or investing on a tax-deferred basis through an annuity can offer you many of the tax advantages afforded to retirement plans and accounts. Plus, you'll have greater flexibility as to how much you can contribute and when you're required to take distributions, unless the annuity is held within a retirement plan or account, such as an IRA, 401(k) or 403(b).<sup>1</sup>

With an annuity, you don't pay taxes on your interest or earnings until withdrawn, which is typically at retirement when you may be in a lower tax bracket. When you do take withdrawals from an annuity, withdrawals of taxable amounts are subject to ordinary income tax and if taken prior to age 59½, an additional 10% federal tax may apply. Unlike other types of investments, annuities offer an important advantage:

- **No current tax on interest**
- **No current tax on dividends<sup>2</sup>**
- **No capital gains<sup>3</sup>**



<sup>1</sup> Keep in mind, the purchase of an annuity within a retirement plan or account does not provide additional tax-deferred treatment of earnings. However, annuities do provide other features and benefits that may be important to you, including options for guaranteed lifetime income and a guaranteed death benefit for your beneficiary.

<sup>2</sup> Note: some annuities pay dividends instead of interest; however, just as with interest, such dividends retained in an annuity are not subject to current taxation.

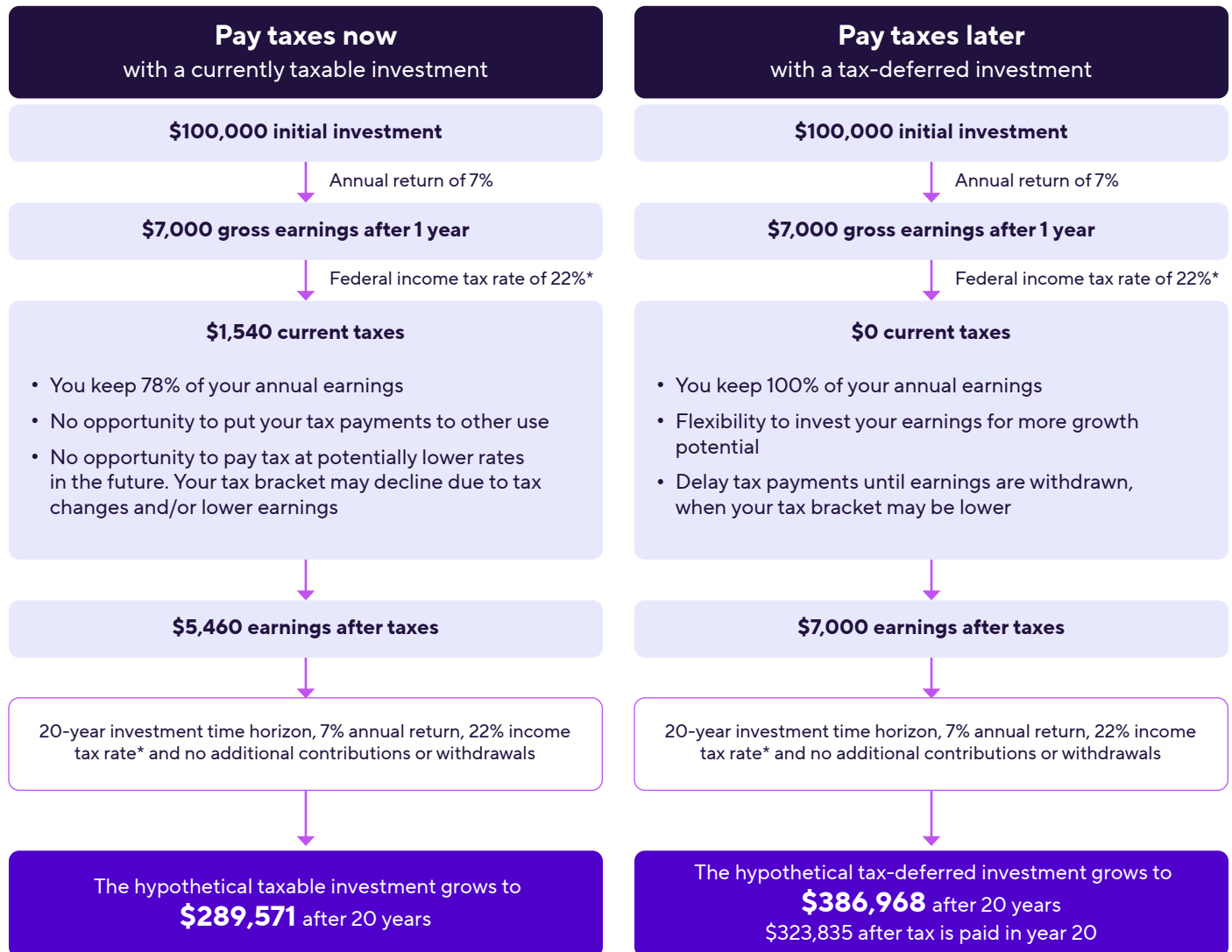
<sup>3</sup> Annuities are long-term tax-deferred products designed for retirement. During the deferral period, there is no tax impact and when a distribution takes place, it is taxed as ordinary income and not capital gains. Speak with your financial professional for more information.

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## See how tax deferral can work to your advantage

When it comes to paying your income tax on assets earmarked for retirement, there can be value in waiting. Take a look at the difference that tax deferral can have on the value of your retirement assets in this hypothetical example.



The tax-deferred investment generates **\$97,397** more than the taxable investment during accumulation.

**Talk to your financial professional to learn more about incorporating the power of tax deferral into your retirement savings strategy**

**\*Important Notes:** The hypothetical illustration is shown to help you better understand the power of tax deferral. The illustration reflects the growth of \$100,000 at a hypothetical 7% annual rate of return and 22% actual federal income tax rate in a fully taxable investment and a comparable tax-deferred investment over 20 years with no withdrawals. No state income tax is included. Illustration does not represent the performance of any investment, nor the fees and charges associated with any investment. Had any fees or charges been reflected in the illustration, the return of the tax-deferred investment would be lower. The assumed rate of return is not guaranteed.

Keep in mind that tax rates and tax treatment of earnings impact comparative results. If your tax bracket is less than 22%, the potential benefits may not be as favorable. Lower maximum capital gains rates may apply to certain investments in a taxable account (subject to IRS limitations, capital losses may also be deducted against capital gains), which would reduce the difference between the performance in the accounts shown in the chart. You should discuss your personal investment horizon and income tax brackets, both current and anticipated, with your financial professional and tax advisor when making an investment decision, as these factors may further impact the results of the comparison.

Action today can lead to great things tomorrow.  
Action is everything.

This material is general in nature, was developed for educational use only, and is not intended to provide financial, legal, fiduciary, accounting or tax advice, nor is it intended to make any recommendations. Applicable laws and regulations are complex and subject to change. Please consult with your financial professional regarding your situation. For legal, accounting or tax advice, consult the appropriate professional.

Annuities are long-term insurance products designed for retirement. Variable annuities are subject to investment risk, including possible loss of principal. The contract, when redeemed, may be worth more or less than the total amount invested. Early withdrawals may be subject to withdrawal charges. Partial withdrawals reduce the contract value and may also reduce certain benefits under the contract, such as the death benefit and the amount available upon a full surrender. Withdrawals of taxable amounts are subject to ordinary income tax and, if taken prior to age 59½, an additional 10% federal tax may apply.

Retirement plans and accounts, such as an IRA, 401(k) or 403(b), etc., can be tax-deferred regardless of whether or not they are funded with an annuity. The purchase of an annuity within a retirement plan or account does not provide additional tax-deferred treatment of earnings. However, annuities do provide other features and benefits that may be important to you, including options for guaranteed lifetime income and a guaranteed death benefit for your beneficiary.

*Variable annuities are sold by prospectus only. The prospectuses for each underlying fund as well as the variable annuity contract describe the investment objectives, risks, fees, charges, expenses, and other information for each, respectively. The statutory and summary prospectuses for each underlying fund and the variable annuity contract should be considered carefully before investing. Please contact your insurance and securities licensed financial professional or call 800-445-7862 to obtain any of those prospectuses, which should be read carefully before investing.*

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