

How Safe is My Investment?

Your investment is very safe and is guaranteed by the assets of the life insurance company. In addition:

1. Life Insurance companies are licensed and regulated by all the states in which they do business.
2. Life Insurance companies are backed by the legal reserve system. This means that a certain portion of their assets are set aside to support their liabilities to their policyholders.
3. A.M. Best, a respected industry rating service, rates all of our companies (or their re-insurers) A or A+, the highest ratings available.

What are Some Additional Reasons to Purchase an Annuity?

1. An annuity avoids probate. By naming a beneficiary, your annuity avoids the expense and delays of probate and maintains your family's privacy.
2. Guaranteed minimum interest rate.
3. Competitive interest rates that can be guaranteed for up to 5 years.
4. An annuity is not subject to broad economic fluctuations.
5. An annuity can be designed to provide an income that you can not outlive.
6. Once a policy is annuitized, the monthly payment can never decrease. *(Not applicable for an interest-only option).*
7. Some annuities provide a monthly income and still remain liquid. Your principal remains intact and 75% to 80% of your monthly income is TAX FREE!

ADDITIONAL FEATURES OF ANNUITIES.

- Annuities avoid probate at the death of the owner so that the beneficiaries do not have to bother with the expense of attorney fees or the unnecessary wait to settle an estate before having access to the funds. The proceeds are not made public, as with other probated property and accounts, therefore ensuring privacy for the family. No one except the named beneficiaries can make any claim for the funds contained in an annuity.
- Fixed Annuities always have a guaranteed minimum interest rate – different from other financial vehicles like CD's, which have no "floor" on rates.
- Fixed Annuities are not subject to broad economic fluctuations or stock market declines. The only thing that can vary is the rate of interest from year to year. There are also multi-year guaranteed rate annuities that lock in interest rates for time periods of five to ten years, so that you know in advance what your return will be.
- An annuity can provide lifetime income that you can not outlive—even if you have withdrawn more than your original principal—try that with a CD.

* This pamphlet is intended for educational purposes only. Please read the proposed company's sales literature and disclosure forms before purchasing. Please consult your attorney or tax professional for legal or tax-related advice.



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What is an Annuity?

An annuity is like a bank savings account or CD, except that it is offered by an insurance company. In addition, an annuity can be used to provide tax-favored income for various periods of time.

How is it Different Than a CD or Money Market Account?

Interest earned on a CD or Money Market Account is subject to federal and state income tax in the year earned. Interest earned in an annuity is tax-deferred until it is withdrawn.

Should I be Concerned About Paying Taxes on My Interest Income?

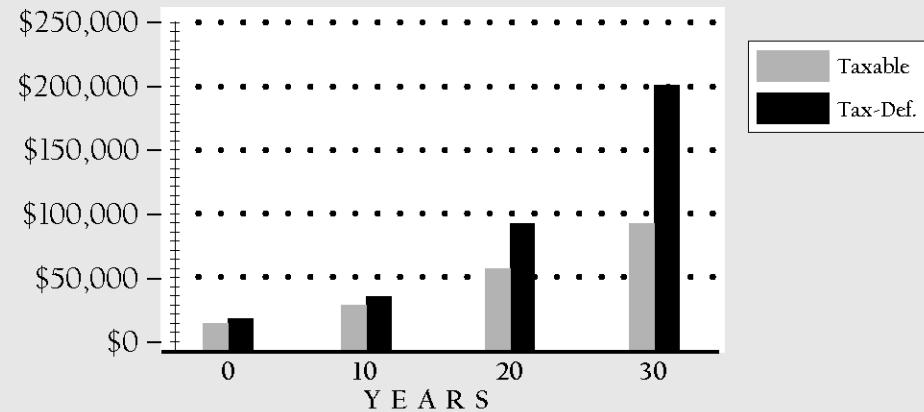
Yes. If you pay current income taxes, the amount of interest that you actually earn (*your net yield*) is less than the assumed interest rate. For example, a 4.25% CD or Money Market fund will net you 2.85% in a 33% tax bracket. Whereas with an annuity, you're earning the full 7.75% the company is crediting you with because it's growing without annual taxation.

What Difference Does it Make if My Money Grows Tax-Deferred?

Since you don't pay current income taxes on the interest earned until it is withdrawn, all of your interest grows at the current rate. In just 10 years, a \$30,000 annuity is worth over \$63,200 versus a CD or Money Market at just \$39,700! That's a benefit of over \$23,000!

MONEY GROWS FASTER TAX-DEFERRED

Taxable vs. Tax-Deferred



TAXABLE

Interest is TAXED each year as earned (33% bracket).

– TAX-DEFERRED –

Interest accumulates TAX-DEFERRED subject to tax in the year withdrawn.

Tax Deferral is a better way to accumulate retirement money!

But I Have to Pay Taxes on the Interest Earned When I Take It Out. What is the Difference?

Even if you took out all the accumulated value at once, your gain would be **greater** than if you had paid current taxes on an annual basis. The reason for this is that the **entire interest balance is free to compound tax-deferred**, not just the after-tax portion as in a CD or other type of after-tax savings account. Also, you can choose to pay the taxes in a year that your other income may have declined, or you can spread the taxes due over a number of years.

But What About Surrender Charges? How Can I Get My Money Back?

Like a bank CD, there are surrender charges if you withdraw your money before a certain period of time. However in most cases those charges will be **waived** like:

1. Death and Disability
(disability not on all policies)
2. Withdrawals of up to 10% a year.
3. If the policy is annuitized for a certain number of years.
4. Confinement in a hospital or nursing home
(not all policies).
5. Bail-out provision: Fees are waived if the interest rate drops below a set minimum.