THE POWER OF TAX DEFERRAL

When you buy an annuity, the interest it earns accumulates tax-deferred. You don't pay taxes on your annuity's growth until you withdraw your money, so your annuity grows faster than it would in a taxable financial product. Your money grows three ways: your premiums earn interest, your interest earns interest, and the money you would have paid in taxes earns interest. No other taxable financial product can give you that. Of course, when you take money out of your annuity, you will have to pay taxes. However, not many people withdraw all their money as soon as they retire. Instead, they take only what they need, when they need it and pay taxes on that amount. The rest of the money continues to grow tax deferred until it's withdrawn. Plus, at retirement, many people are in a lower tax bracket than they were during their accumulation years, so their tax bill may be less.

The power of tax deferral. Annuities have it. CDs don't. See for yourself!

THE POWER OF TAX DEFERRAL Gain on $100,000 Premium

Years	CD After Tax	Annuity After Tax	Annuity Before Tax
10	$46,607	$51,405	$79,085
15	$77,514	$90,776	$139,656
20	$114,937	$143,464	$220,714
25	$160,249	$213,972	$329,187
30 Years	$215,113	$308,327	$474,349

Y-axis: 0, $100,000, $200,000, $300,000, $400,000, $500,000

This example demonstrates the power of tax deferral. It illustrates the difference in gain on $100,000 premium between a taxable CD and a tax-deferred annuity (before and after taxes). It assumes a 6% interest rate and a 35% tax rate. Rates are subject to change. It also assumes all money is withdrawn at the end of each time period and that there is no penalty for early withdrawal.

Note: Other features of an annuity, besides tax deferral, should be considered when the annuity is used for an individual retirement account (IRA) or other qualified plan. Qualified plans already receive tax deferred treatment.

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01/01/2004