



# AMERICAN EQUITY

*Investment Life Insurance Company*

# **CONCERNS** *facing your retirement dollars*



- 1. Safety**
- 2. Accessibility**
- 3. Taxation**
- 4. Outliving Your Income**
- 5. Locking in Interest Credits**
- 6. Probate Costs**

# SAFETY



## Problem

*How can you grow your retirement dollars without risking your original premium?*

## Solution

- **Annuities are conservative, tax deferred wealth accumulation vehicles offered by life insurance companies.**
- **It's imperative that an insurance company's portfolio is conservative and maintains high liquidity to meet contract owners' needs.**
- **American Equity Investment Life Insurance Company's philosophy is to invest in quality U.S. Government, U.S. Government Agency and investment-grade corporate bonds.**
- **Only an insurance company has the regulatory reserve requirements and the financial strength to provide all the guarantees of an annuity.**

# ACCESSIBILITY



## Problem

*Many accounts charge penalties for withdrawals before maturity. You may want to withdraw some money when you need it, without paying excessive penalties (or losing up to six months' interest).*

## Solution

- **Annuities have guaranteed, penalty-free withdrawal options that allow you to access a portion of your money without paying any company penalties or charges.**
- **In the event you are confined to a nursing home, you may have access to a larger portion of your money, penalty-free.**

# TAXATION



## Problem

*Interest earned on most checking accounts, CDs, mutual funds, dividends (except for special tax-free funds), T-bills, and common stock dividends is taxable by the Federal and State Government each year as earned . . . even if you do not take the interest out.*

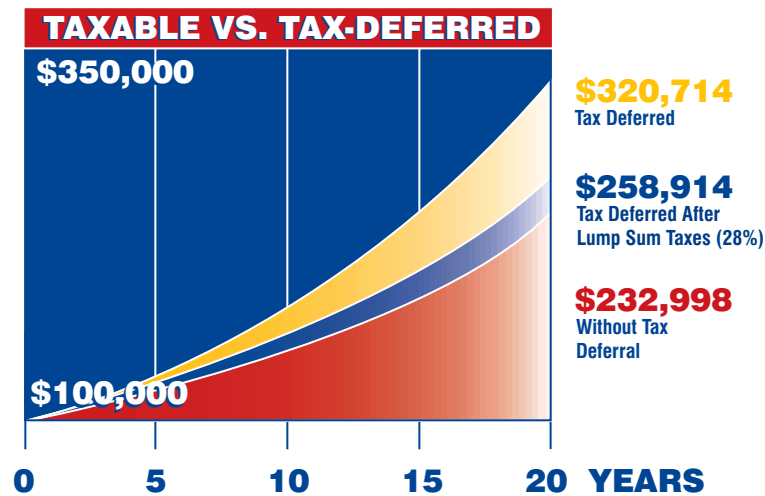
## Solution

- **Interest credited to your annuity is *not currently taxable* by the Federal or State Government each year, unless withdrawn.**
- **Earn interest on your premium;  
Earn interest on your interest;  
Earn interest on your dollars that you would have normally paid in Federal and State Income Taxes.**
- **You will not pay taxes on your annuity interest income until you take it out of your annuity.**

# TAXATION *the Value of Tax Deferral*



*Let's illustrate the value of tax deferral, assuming a \$100,000 initial premium, a 6% annual compounded interest rate, and a 28% tax bracket.*



Note: Example assumes 6% annual interest rate and 28% tax bracket.

**Interest in an annuity grows tax-deferred, and no income taxes are due until funds are withdrawn. The graph depicts what difference the tax-deferred advantage can make.**

# OUTLIVING YOUR INCOME



## Problem

*You need two Guarantees for your retirement income:*

- **Your monthly income checks must stay the same every month, never decreasing, when interest rates decline.**
- **Your monthly income check must keep coming to you for your entire life, no matter how long you live.**
- **All investments you have looked at, or have money in, cannot give you these guarantees.**

## Solution

*Only Annuities can Guarantee:*

- **Your monthly income check, could be the same every month depending on the settlement option selected. Your income will never decrease just because interest rates fall.**
- **Your monthly income check, will keep coming to you forever.**
- **Your money will never run out.**
- **If you die prematurely, your annuity can be guaranteed to continue the same monthly payment to whom you name for the balance if a specified period is chosen.**

**OUTLIVING YOUR INCOME**



**THE FEAR OF DYING**  
*has been replaced by the fear*  
**of Outliving Your Income.**

# OUTLIVING YOUR INCOME

## *Living Longer...*



<b>Year</b>	<b>Life Expectancy</b>
<b>1850</b>	<b>39</b>
<b>1900</b>	<b>47</b>
<b>2000</b>	<b>77</b>

Source: National Center for Health Statistics.

- **In 2000, there were 50,000 people age 100 years or older. In the year 2010, it is estimated there will be over 131,000 people age 100 or older!**

Source: U.S. Bureau of the Census

# OUTLIVING YOUR INCOME

## *USA Budget*



	<b>Over</b>	<b>% of Total Budget</b>
<b>Social Security</b>	<b>\$425 Billion</b>	<b>23%</b>
<b>Medicare</b>	<b>\$220 Billion</b>	<b>12%</b>
<b>Medicaid</b>	<b>\$124 Billion</b>	<b>7%</b>

Source: Budget of United States Government - Fiscal Year 2001.

### **Workers contributing to Social Security per user:**

<b>Year</b>	<b>1935</b>	<b>40</b>
	<b>1950</b>	<b>17</b>
	<b>1990</b>	<b>3.4</b>
	<b>2010</b>	<b>2</b>

Source: 1997 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Funds.

*Will you depend on the Federal Government for your Retirement Dollars?*



# LOCKING IN INTEREST CREDITS



## Problem

*Your past market investments may have been great and you may have been pleased. You are concerned, however, that the market will not continue to go up . . . Forever.*

## Solution

- **To offset the affects of inflation, equity-indexed annuities offer potentially higher benefits linked to the appreciation of a bond or equity-index. You can lock in your interest annually and still continue to grow with future appreciation in the index.**
- **Once your interest is credited it can't be lost due to index volatility.**

# PROBATE COST



## Problem

- *Probate administrative costs and fees can be a substantial burden on the assets of your estate.*
- *Your assets are not available to your heirs until your estate is approved by the probate court.*
- *Average time your assets remain tied up in probate court is one year.*
- *Records of your assets are available to the general public.*
- *The court, in absence of a will, transfers your money to those family members as directed by law.*

## Solution

- **An annuity, with a properly designated beneficiary, may by-pass the probate process and may avoid probate administrative costs, fees, delays and publicity.**
- **Therefore, at your death, more of your money goes to the family members you chose.**

# INTEGRITY SERIES *the* *answer to your concerns*



## **MULTIPLE INTEREST STRATEGIES**

- **Equity Linked Indexes**
- **Bond Index**
- **Traditional Fixed Interest**

*You choose how your annual  
interest rate is calculated!*

*You get all this and  
Exceptional Guarantees!*

# INTEGRITY SERIES *the* *answer to your concerns*

## *The Greater Value*



**Minimum Guaranteed  
Contract Value**

**OR**

**Indexed Value *plus*  
Fixed Value**

**100% of Premium at**

**100% of Premium\* *plus***

**3% Compounded  
Annually**

**Index Credits  
and/or  
Fixed Interest**

**Less Any  
Withdrawals  
Taken**

**At Death**

*(no Surrender Charges)*

**At Surrender**

*(minus Surrender Charges)*

**After Surrender Term**

*(no Surrender Charges)*

***is Yours!***

# *Financial Survival*



***What percent of your hard earned dollars do you feel comfortable putting into an equity-indexed annuity?***

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**Annuity contracts are products of the insurance industry , and are not guaranteed by any bank, or insured by the FDIC.**

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