



A Worksheet

Enjoy Tax-Deferred Growth Through an Annuity

Annuities feature tax deferral on the earnings from the money you invest, something that can't be said about all investments.

Want to see for yourself? Use this worksheet to see how much more you could save with a tax-deferred annuity.

1. My investment amount:			
2. Interest rate:			
TAXABLE GROWTH		TAX-DEFERRED GROWTH	
3. My tax rate (see below):		3. Tax rate doesn't apply while money is growing tax-deferred	
4. What I keep for myself: (100% – Line 3)		4. What I keep for myself: (100% – Line 3)	
5. After-tax interest rate: (Line 2 x Line 4)		5. After-tax interest rate: (Line 2)	
Return on Taxable Growth: (Line 1 x Line 5)		Return on Tax-Deferred Growth:* (Line 1 x Line 5)	

* Upon withdrawal, ordinary income tax is payable on earnings. Withdrawals prior to age 59½ may be subject to a 10% IRS penalty tax.

Not sure what your tax rate is? See the chart below.

2010 Federal Tax Rates

	10%	15%	25%	28%	33%	35%
Single	\$0 – \$8,375	\$8,375 – \$34,000	\$34,000 – \$82,400	\$82,400 – \$171,850	\$171,850 – \$373,650	\$373,650+
Joint	\$0 – \$16,750	\$16,750 – \$68,000	\$68,000 – \$137,300	\$137,300 – \$209,250	\$209,250 – \$373,650	\$373,650+
Married Filing Separately	\$0 – \$8,375	\$8,375 – \$34,000	\$34,000 – \$68,650	\$68,650 – \$104,625	\$104,625 – \$186,825	\$186,825+

Taxable and tax-deferred growth

Or to see it another way, compare what you need to earn on taxable income to equal the tax-deferred growth of a fixed annuity.

$$\frac{\text{Annuity rate}}{100 - \text{Tax bracket}} = \text{Tax-equivalent yield}$$

Or take a look at the table below to get a better idea. It shows the rate for a tax-deferred annuity and the rate needed for the same yield with a taxable investment, based on your tax rate.

Tax-Deferred Rate	15%	25%	28%	33%	35%
	TAXABLE-EQUIVALENT YIELD				
8.0	9.41	10.67	11.11	11.94	12.31
7.0	8.24	9.33	9.72	10.45	10.77
6.0	7.06	8.00	8.33	8.96	9.23
5.0	5.88	6.67	6.94	7.46	7.69
4.0	4.71	5.33	5.56	5.97	6.15
3.0	3.53	4.00	4.17	4.48	4.62

Doesn't it make sense to put some of your investment dollars into an annuity? Help make the most of your investment dollars.

Tax-qualified retirement arrangements, such as IRAs, SEPs, and SIMPLE-IRAs are tax-deferred. You derive no additional benefit from the tax deferral feature of the annuity. Consequently, an annuity should be used to fund an IRA, or other tax-qualified retirement arrangement, to benefit from the annuity's features other than tax deferral. These features may include guaranteed lifetime income, guaranteed minimum interest rates, and death benefits without surrender charges.



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