

Factor taxes into your saving strategy



What do you really earn on taxable products?

When comparing yields or rates, make sure you know the taxable status of the product. Fixed annuities are tax-deferred. That means the money that might otherwise go to pay taxes on your earnings stays in your account working for you.

The table below reveals actual after-tax yields in a taxable account. For example, a 2.00% taxable yield in a 22% tax bracket results in only 1.56% after earnings are taxed.

Your federal tax bracket	10%	12%	22%	24%	32%	35%	37%
Taxable yield*	After-tax yield*						
1.00%	0.90%	0.88%	0.78%	0.76%	0.68%	0.65%	0.63%
1.50%	1.35%	1.32%	1.17%	1.14%	1.02%	0.97%	0.94%
2.00%	1.80%	1.76%	1.56%	1.52%	1.36%	1.30%	1.26%
2.50%	2.25%	2.20%	1.95%	1.90%	1.70%	1.63%	1.58%
3.00%	2.70%	2.64%	2.34%	2.28%	2.04%	1.95%	1.89%
3.50%	3.15%	3.08%	2.73%	2.66%	2.38%	2.28%	2.21%
4.00%	3.60%	3.52%	3.12%	3.04%	2.72%	2.60%	2.52%
4.50%	4.05%	3.96%	3.51%	3.42%	3.06%	2.93%	2.84%
5.00%	4.50%	4.40%	3.90%	3.80%	3.40%	3.25%	3.15%

*The yields shown are hypothetical and are for illustration purposes only. They do not represent the performance of, or reflect the yields earned by, any specific product.

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Tax-deferred yields compared to taxable yields

The chart below shows the taxable yield you would need to equal the yield from a tax-deferred fixed annuity while you're accumulating your savings. For example, a 2.00% tax-deferred yield in a 24% tax bracket would require a 2.63% taxable yield to accumulate the same value.

Although earnings are not subject to current taxation with a tax-deferred product, earnings are taxable and subject to ordinary income tax when withdrawn, and, if taken prior to age 59½, may be subject to an additional 10% federal tax.

Your federal tax bracket	10%	12%	22%	24%	32%	35%	37%
Tax-deferred yield*	Equivalent taxable yield*						
1.00%	1.11%	1.14%	1.28%	1.32%	1.47%	1.54%	1.59%
1.50%	1.67%	1.70%	1.92%	1.97%	2.21%	2.31%	2.38%
2.00%	2.22%	2.27%	2.56%	2.63%	2.94%	3.08%	3.17%
2.50%	2.78%	2.84%	3.21%	3.29%	3.68%	3.85%	3.97%
3.00%	3.33%	3.41%	3.85%	3.95%	4.41%	4.62%	4.76%
3.50%	3.89%	3.98%	4.49%	4.61%	5.15%	5.38%	5.56%
4.00%	4.44%	4.55%	5.13%	5.26%	5.88%	6.15%	6.35%
4.50%	5.00%	5.11%	5.77%	5.92%	6.62%	6.92%	7.14%
5.00%	5.56%	5.68%	6.41%	6.58%	7.35%	7.69%	7.94%

All contract and optional benefit guarantees, including any fixed account crediting rates or annuity rates, are backed by the claims-paying ability of the issuing insurance company. They are not backed by the broker/dealer from which this annuity is purchased.

Annuities are long-term products designed for retirement purposes. Early withdrawals may be subject to withdrawal charges. Partial withdrawals may reduce benefits available under the contract, as well as 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. If you're planning to fund your IRA with an annuity, you should know that these retirement accounts are already tax-deferred. You should only use an annuity in a retirement account if you want to benefit from features other than tax deferral. Please consult with your financial and tax professionals for more information regarding your individual situation. Products and features may vary by state and may not be available in all states. The purchase of an annuity is not required for, and is not a term of, the provision of any banking service or activity.

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