TAKING ADVANTAGE OF TAX DEFERRAL

Saving for retirement by investing in a tax-deferred vehicle can give you a big boost over time—forgoing the tax bite while you grow your money and potentially lowering the tax impact when take income. Tax-deferral is a feature of many investment vehicles (variable annuities, IRAs, 401(k) plans). Don't miss out!

PUT OFF TODAY WHAT MAY SAVE YOU MONEY TOMORROW

Paying taxes is never fun, so getting any type of tax deferral should make you smile. Most taxes typically have a bad consequence if you decide to "put off" paying them. But that's not the case when it comes to your retirement. Not only can you put off paying taxes on your retirement savings, you may find that tax-deferred retirement investing helps your nest egg grow more… and involve less tax in the end. Consider this:

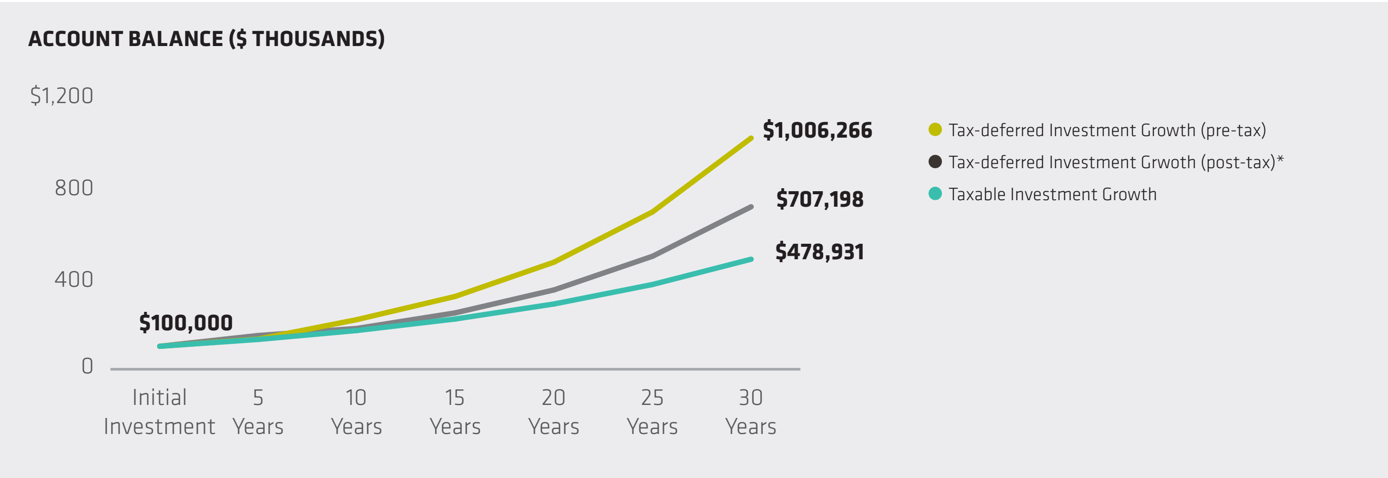
+ Save now and pay later. Your investments grow tax-free: you pay taxes only when you take money out through a withdrawal or distribution. Tax-free compounding over the long run may help you generate more money and income for your retirement.
+ More money in motion. Typically, the growth of a tax-deferred investment will be greater than that of a taxable investment because you have more of your money working for you. If you increase the number of years you plan to save, that longer investing horizon increases the likelihood that you'll see a greater difference in funds accumulated.
+ Lower tax liability potential. Eventually, you will have to pay the deferred taxes when you withdraw your money or start receiving income. But your tax rate (and tax liability) will likely be lower at the time of your withdrawals or distributions since you may be earning less income—or none at all.

A WORD ON TAX-DEFERRED INVESTING FOR RETIREMENT

For long-term planning goals such as retirement, your savings can receive a significant boost by taking advantage of available tax-deferred investments. You should consider the types of investments that are best suited for tax-deferred accounts—especially those that greatly benefit from long-term compounding. Proper planning and tax-deferred investing can help improve your retirement income outcomes.

A CLOSER LOOK AT TAX DEFERRAL

The chart below is a hypothetical illustration of the power of tax deferral and the advantage such investments have over a taxable investment over time. The chart assumes that a $100,000 investment compounding at 8% annually at a tax rate of 33% would generate a tax-deferred investment return significantly greater than that of a taxable investment. After 30 years,this illustration shows the taxable investment grew to $478, 931. That same $100,000 investment would be valued at $1,006,266, or 110% greater, had it been invested in a tax-deferred instrument (or instruments) until withdrawn over the same period. Furthermore, the after-tax lump-sum distribution would be $707,198—48% greater than the value of the taxable investment.



* Assumes lump-sum withdrawal or distribution.

LEARN MORE

TAX-DEFERRED INVESTING CAN BE AN EFFECTIVE PART OF YOUR RETIREMENT INVESTMENT STRATEGY.

WORK WITH YOUR **TRUSTED FINANCIAL ADVISOR** TO SEE HOW SAVING NOW MAY PAY OFF LATER.

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The chart above is a hypothetical example used for illustrative purposes only. The information provided is not specific investment advice, a guarantee of performance, or a recommendation. Typically, withdrawals from tax-deferred investment options are taxed as ordinary income and any withdrawals taken prior to age 59½ may be subject to an additional 10 percent OR 10% federal tax penalty. Systematic investing does not ensure a profit and does not protect against loss in declining markets. Certain tax-deferred investment options include mortality and expense charges, sales charges, and administrative fees that would reduce the performance shown if they were accounted for. Lower maximum tax rates for capital gains and dividends could make the investment return for the taxable investment more favorable, thereby reducing the difference in performance between the accounts shown. Your timeframe and income tax brackets, both current and anticipated, should be considered when making financial decisions. Rates of return will vary over time, particularly for long-term investments. Investments offering the potential for higher rates of return also involve a higher degree of risk. Actual results will vary.

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