

Variable Annuities

Retire On
Your Terms[®]



NATIONAL ASSOCIATION FOR VARIABLE ANNUITIES

*What lies ahead for you in retirement?
Your own answer to this question will
be unique, although there is one thing
which holds true for everyone—to
realize your dreams in retirement, you
will need an income you can't outlive.
Decisions you make about investing for
your retirement now will affect the
income you will have available in your
retirement years.*

*One of the choices
you should consider
is a variable annuity.*

*It offers the
security you seek
as well as flexibility,
simplicity and
the opportunity
to select an income
you can't outlive.*

What is a Variable Annuity?

A variable annuity is a *personal retirement account* that brings together the best features of mutual funds and insurance. In a variable annuity, you can accumulate assets by investing tax-deferred in various portfolios. The return on your assets will fluctuate in value over time, reflecting the performance of the underlying investment portfolios you choose. When you are ready to start using the savings you have accumulated, variable annuities offer a wide range of payout plan options, including an income you can't outlive.

Security

Variable annuities are ideal vehicles for building your retirement nest egg because they can help your money grow faster.

- Your money is invested in professionally managed funds and grows tax-deferred until you take your money out.
- Beneficiary protection, in the form of a guaranteed death benefit,* gives investors confidence to invest in the stock market—where the highest returns have historically been—since they know that if they die when the market is down, their family will receive at least the amount invested. Many annuities go even further and offer enhanced beneficiary protection that locks in investment gains every few years or even every year.

Variable annuities are ideal investments for retirement because they can help your money last longer.

- When you are ready to begin receiving income in retirement, variable annuities offer you the option

of annuitization. Annuitization can provide you with guaranteed payments which will continue for the rest of your life, no matter how long that is.* Lifetime income is a valuable benefit that only annuities provide.

- Keeping pace with inflation is a real concern when you may be retired for as many years as you were in the workforce. Since variable annuities allow you to base the amount of your income payments on the investment experience of underlying equity funds, they can serve as a hedge against inflation. If your risk tolerance is low, payments can be set up at fixed rates or you can employ a combination of both to meet your retirement income needs.

Control and Flexibility

With a variable annuity, you have the ability to tailor your investment strategy to meet your needs, even if those needs change.

- You can start your variable annuity with a lump sum purchase or by making periodic contributions on a timetable that fits your needs.
- You can choose from a diverse group of portfolios in which to invest your retirement savings tax-deferred, including stocks, bonds and fixed interest rate accounts, to match your desired level of risk.
- You can move your money between investment portfolios inside the annuity tax-free to take advantage of a strong stock market or to preserve your gains as you move closer to retirement.

* Guaranteed death benefits and guaranteed lifetime annuity payments are subject to the claims-paying ability of the issuer of the annuity contract and do not relate to the investment performance of the underlying portfolios.

- You decide when to begin collecting your retirement income. While there may be a tax penalty if you begin prior to reaching age 59½, the federal government doesn't require you to begin withdrawing from your non-qualified annuities when you turn 70½, as you must with many other tax-deferred retirement plans.
- When you start receiving retirement income, you have a number of choices, each with different tax implications that should be explored before making a decision. You can elect to receive retirement income for the rest of your life, systematically withdraw funds in the amounts and on a schedule you choose, or withdraw the full amount from the annuity.
- If you select retirement income for life, there are additional options open to you. You can select retirement income for your lifetime, the lifetimes of two people, or for the longer of your lifetime or a specific period, such as 20 years.

Simplicity

With a variable annuity, there is less paperwork at tax time, and fewer rules to remember when you are saving for retirement and collecting income from your investments.

- You can use strategies such as dollar-cost averaging to control the purchase price of your investments and automatic asset rebalancing to maintain your preferred level of risk automatically.
- There is never a need to perform complicated calculations to determine the maximum amount of money you can invest each year if you are investing post-tax dollars. The government does not impose a

limit on these investments, so you can invest the amount that is best for your retirement goals. There are no restrictions about where the money comes from either. You can use gifts, an inheritance or any other source of income to add to your variable annuity.

- Since transfers between investment portfolios are tax-free, there are no 1099 forms or additional forms to complete at tax time, as there are when you buy and sell mutual fund shares each year. You can make your investment decisions based on the strategy you believe will help you meet your retirement goals, without worrying about the tax implications and the accompanying paperwork.

Retire on *Your* Terms

You have your own dreams of the ideal retirement. Whatever they may be, the best way to make those dreams come true is to start planning today. Review your options with a trusted investment professional and learn more about how a variable annuity can help you retire on *your* terms.



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