



1057-FC (01/24/05)

# **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 products or contracts 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 money should the need arise without paying excessive penalties or losing previously credited 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

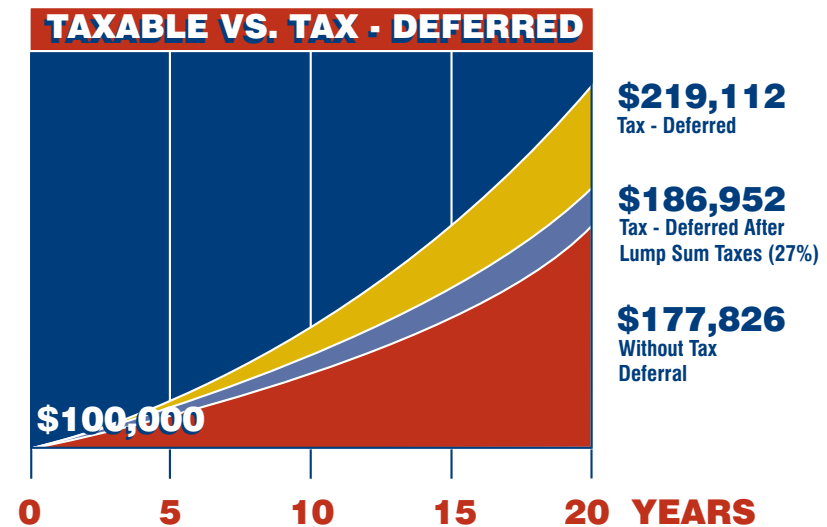
- **Interest credited to your annuity is *not currently taxable* by the Federal or State Government each year, unless withdrawn.**
- **Triple Compounding!**  
**Earn interest on your premium;**  
**Earn interest on your interest;**  
**Earn interest on your dollars that you would have normally paid in Federal and State Income Taxes.**
- **You do not pay taxes on your annuity 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 4% annual compounded interest rate, and a 27% tax bracket.*



Note: Example assumes 4% annual interest rate and 27% 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 life based 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 cannot decrease if interest rates fall.**
- **Your monthly income check keeps coming to you as long as you live.**
- **Your annuity income cannot run out.**
- **If you die prematurely, your annuity can be guaranteed to continue at the same monthly payment amount to a named beneficiary if a specified period is chosen.**



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# 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>\$496.17 Billion</b>	<b>21.4%</b>
<b>Medicare</b>	<b>\$270.45 Billion</b>	<b>11.7%</b>
<b>Medicaid</b>	<b>\$182.56 Billion</b>	<b>7.9%</b>

Source: Budget of United States Government - Fiscal Year 2004.

### Workers contributing to Social Security per user:

<b>Year</b>	<b>1935*</b>	<b>40</b>
	<b>1950*</b>	<b>17</b>
	<b>2000**</b>	<b>3.4</b>
	<b>2015**</b>	<b>2.7 (Est.)</b>

Source: \*1997 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Funds. \*\*2001 OASDI Trustees Report

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





# LOCKING IN INTEREST CREDITS

## **Problem**

*You had success in the market in the past. However, you don't want to go backwards due to a market downturn.*

## **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.**



# 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- GOLD EDITION

*the answer to your concerns*

## **MULTIPLE INTEREST CREDITING OPTIONS**

- **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- GOLD EDITION

*the answer to your concerns*

## *The Greater Value*

**Minimum Guaranteed  
Surrender Value**

**(see Contract, Disclosure or  
Product Guide for details)**

**OR**

**100% of Premium *plus*  
Index Credits  
less Withdrawals**

**(see Contract, Disclosure or  
Product Guide for details)**

**At Death**

*(no Surrender Charges)*

**At Surrender**

*(minus Surrender Charges)*

**After Surrender Charge Period**

*(no Surrender Charges)*

***is Yours!***





# FINANCIAL SURVIVAL

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

Neither American Equity Investment Life Insurance Company nor any of its agents give tax advice. The information here is a summary of our understanding of current tax laws as they relate to this insurance product. Consult your personal tax advisor on specific points of importance to you.

Annuity contracts are products of the insurance industry and are not guaranteed by any bank or insured by the FDIC. Products not available in all states.

## **THE INTEGRITY SERIES - GOLD EDITION PRODUCTS:**

**The Premier (INDEX-26), The Rewards (INDEX-27),  
The Future (INDEX-28), The Millennium (INDEX-29),  
The Freedom (INDEX-30), The Bonus Gold (INDEX-1-05),  
The Compass Select (INDEX-3-05).**





**THE INTEGRITY SERIES**  
*Gold Edition*

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