THE TAX AXE

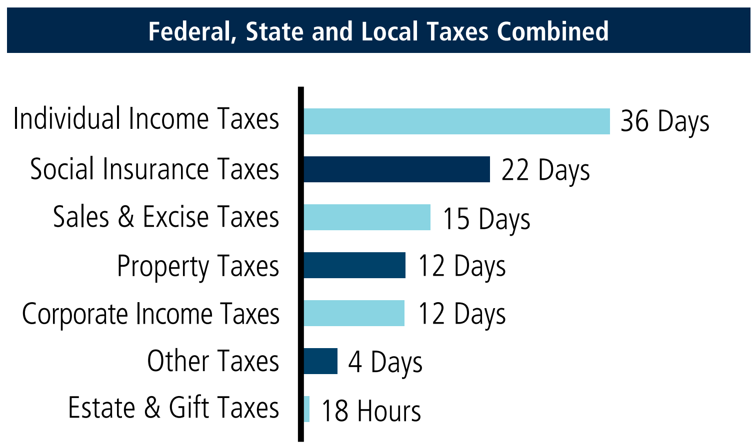
The Power of Time and Tax Deferral

Taxes consume a lot more of your time and money than you realize. For example, do you know how much of your time is spent working to pay your taxes? Did you know that an average American spends more days working to pay federal, state and local taxes than they do to pay for housing, food and clothing combined?[1]

The chart to the right shows that the average American works 101.03 days to pay taxes. In fact, Americans will pay more taxes in 2011 than they will spend on food, clothing and shelter combined.[1]

Every day you and your assets work toward paying taxes drains away resources that could be put toward pursuing your long-term retirement goals. So what if you had the opportunity to delay using resources to pay taxes and instead used them to fund your retirement? Well, you do.

AMERICANS WORKED 101 DAYS AND 18 HOURS TO PAY ALL FEDERAL, STATE AND LOCAL TAXES IN 2011[1]



[1] Kail Padgitt, Tax Foundation Special Report No. 190, March 2011.

The Tax-deferred Annuity

You can delay the impact of taxes by considering tax-deferred vehicles, such as a tax-deferred annuity,[2] for your retirement. In a taxable vehicle, you could pay taxes on your earnings each year. But, in a tax-deferred annuity, earnings are free of taxes until withdrawn.[2] In any tax environment, it makes good economic sense to delay taxation until you need the money or until your income falls into a lower tax bracket.

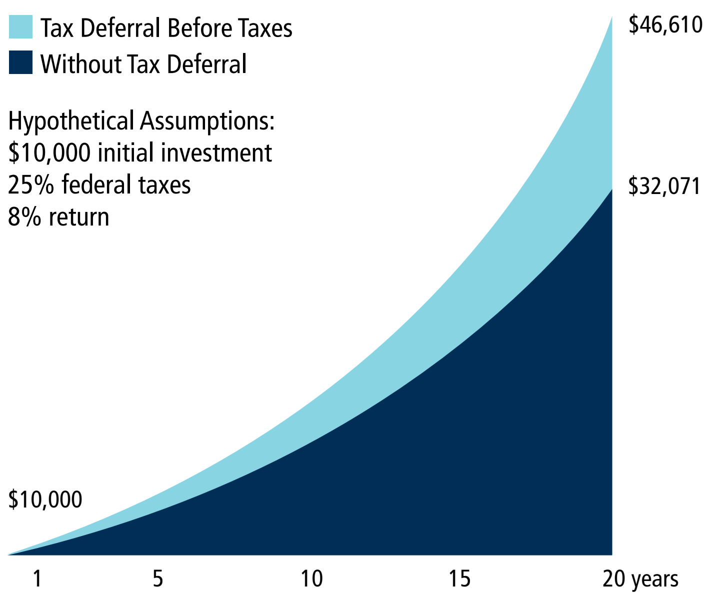
Taxes you pay annually on earnings, such as interest, dividends and capital gains, can erode the total amount set aside for your retirement. But, with a tax-deferred annuity, you get these features:

- A contract between an individual and an insurance company that provides guaranteed retirement income options.[3] An annuity is a long-term, tax-deferred vehicle designed for retirement. Earnings are taxable as ordinary income when distributed and, if withdrawn before age 59½, may be subject to a 10% federal tax penalty.
- You won't pay taxes on the earnings until withdrawn.[2] By postponing taxes with a tax-deferred annuity, your money has the opportunity to grow faster because dollars that would have been paid out of the account to taxes are now at work for you.

The Tax-deferred Advantage

To illustrate the power of tax deferral, compare it to fully taxable earnings. Consider the following hypothetical example comparing currently taxable growth vs. tax-deferred growth of $10,000, assuming an 8% annual rate of return and 25% federal tax rate over 20 years. The growth of the currently taxed vehicle, where taxes are paid annually, is less than the tax-deferred vehicle. Even if a lump-sum withdrawal is taken at the end of the 20-year period, the $10,000 still earns more than it would without tax deferral.

Taxable vs. Tax-deferred Growth



This example assumes a single, hypothetical contribution of $10,000, an 8% annual return and a 25% tax rate. The after-tax amount available is in the form of a lump-sum distribution after the deduction of federal taxes in a 25% tax bracket. (The actual tax results of any distribution will depend on an individual's personal tax circumstances.)

This hypothetical example illustrates tax deferral and does not represent the past or future performance of any particular product. It assumes no subsequent investment or withdrawals and does not reflect any fees and charges associated with a variable annuity that, if reflected, would reduce the results shown. Lower maximum tax rates on capital gains and dividends would make the investment return for the taxable investment more favorable, thereby reducing the difference in performance between the accounts shown. Changes in tax rates and tax treatment of investment earnings may impact the comparison shown. Investors should consider their individual investment time horizon and income tax brackets, both current and anticipated, when making an investment decision, as these may further impact the results of the comparison.

A tax-deferred annuity may be an alternative for your retirement assets.
For more information, contact your representative.

Before investing, investors should carefully consider the investment objectives, risks, charges and expenses of the variable annuity and its underlying investment options. The current contract prospectus and underlying fund prospectuses, which are contained in the same document, provide this and other important information. Please contact your representative or the Company to obtain the prospectuses. Please read the prospectuses carefully before investing or sending money.

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[2] Tax deferral offers no additional value if an annuity is used to fund a qualified plan, such as a 401(k) or an IRA, and may not be available if the annuity is owned by a "non-natural person" such as a corporation or certain types of trusts.

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