learn about annuities.

The Wave

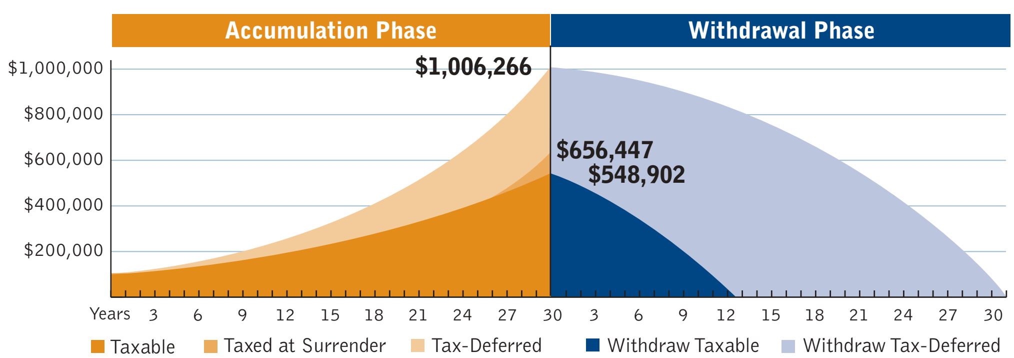
Tax-deferred investments can dramatically increase how long your retirement money lasts.

Tax deferral can make a real difference in the amount of money you have available in your retirement years.

Let's look at an example. The left-hand side of the chart below represents the accumulation phase of a tax-deferred investment. This example assumes an original investment of $100,000, growing at 8 percent every year for 30 years. The resulting nest egg is $1,006,266 on a tax-deferred basis. If the investment were to be surrendered at this point and taxed at a 38.6 percent effective rate, the after-tax value would drop to $656,447. Alternatively, if the earnings on the investment had been taxed each year, from the beginning, at a 27 percent effective tax rate, the accumulated after-tax value after 30 years would be only $548,902.

The right-hand side of the chart represents the withdrawal phase of the investment. In this phase, a before-tax amount of $6,849 a month, or $82,192 a year, is withdrawn (equivalent to $5,000/month after taxes, assuming a 27 percent effective tax rate). The balance of the account is assumed to grow at 8 percent every year. The tax-deferred line, starting with a value of $1,006,266, lasts through the 31st year before the money runs out. The taxable line, starting with a value of $548,902, lasts only through the 12th year before the money runs out—19 years less than the tax-deferred investment.

One type of tax-deferred investment is a variable annuity. It is important to realize, however, that variable annuities carry mortality and expense charges, surrender charges, administrative fees, and portfolio management fees. Such fees and charges, if included, would reduce the projected value for the tax-deferred investment. The value of a variable annuity fluctuates with the performance of the underlying investment portfolios and may be worth more or less than its original cost at any point in time.



Isn't it time you asked about tax-deferred investments?

This chart is hypothetical and is not intended to represent the performance of any particular product. Distributions taken prior to annuitization are generally considered to come from the earnings in the contract first. Withdrawals of earnings are taxed as ordinary income and, if taken prior to age $59\frac{1}{2}$, may be subject to an additional 10% federal tax penalty. The effective tax rates used in this illustration are based on married filing jointly tax brackets for the year 2002 (i.e., 38.6% for the $656,447 surrender value and 27% for everything else, including the withdrawal phase.)

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■ Not insured by any federal government agency ■ Not a deposit ■ May lose value

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