

How you can...

Decrease your federal income taxes¹...

According to a recent study, higher taxes are the top financial worry in retirement preparation today.² Additionally, millions of Americans are paying taxes each year on interest income that they are not using. An annuity can be a good solution for those of us who want to lower our current income tax liability and don't anticipate needing or using the interest generated in the near future, for instance, in the next five years. Each individual's personal financial situation and goals are different; be sure to consult your trusted financial professional.

Ask yourself...

1. "Would I like to decrease the income taxes I pay each year?" If your answer is "YES," look at your most recent Form 1040.

Where to look on Form 1040:

2. **Line 8A: Identifies your earned taxable interest.** Ask yourself, "Do I need this interest income to cover expenses?" If your answer is "NO," an annuity could help you reduce your current taxable income because it provides tax deferral.¹
3. **Schedule B:** These are the financial vehicles that are generating reportable and taxable earnings. Are you concerned about the safety of these assets? If your answer is "YES," a tax-deferred annuity could be the solution to your concerns.
4. **Line 43: Taxable Income.** The amount of your Taxable Income determines your Marginal Tax Rate. (see charts)

Single - If taxable income is under:			
2009	2010	2011	Marginal Tax Rate:
\$8,350	\$8,375	\$8,500	10%
\$33,950	\$34,000	\$34,500	15%
\$82,250	\$82,400	\$83,600	25%
\$171,550	\$171,850	\$174,400	28%
\$372,950	\$373,650	\$379,150	33%
Income over 33% amounts			35%

Married filing jointly - If taxable income is under:			
2009	2010	2011	Marginal Tax Rate:
\$16,700	\$16,750	\$17,000	10%
\$67,900	\$68,000	\$69,000	15%
\$137,050	\$137,300	\$139,350	25%
\$208,850	\$209,250	\$212,300	28%
\$372,950	\$373,650	\$379,150	33%
Income over 33% amounts			35%

Deferred annuities can be very helpful in effectively managing your hard-earned retirement assets.

Do the math:

5. Determine what you could have saved in taxes last year.

Line 8a
(taxable interest): \$ _____

Multiplied by
(marginal tax bracket): _____%

Equals
(could have saved): \$ _____

That means that you could have increased your refund found on Line 73 by this amount. Or, you could have reduced the amount you owe, Line 76, by this amount. Money you needlessly gave to Uncle Sam that could have been working for you!

How you can benefit from a Deferred Annuity:

Reduce Current Taxes

Defer paying taxes on your annuity's growth until withdrawal.

Tax Deferred¹ Earnings

Deferring taxes on interest earned allows your money that would have been taxed to grow faster.

Tax Control

Pay taxes when you make withdrawals at the times that you select.

American General Life Companies

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¹ Based on current federal income tax law.

² SunAmerica "Retirement Re-set" StudySM, 2011.

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