ACTION PLANNER **SERIES**

Annuity Education Guide

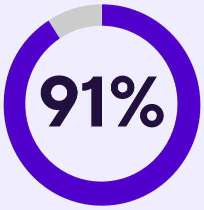
Solving today's retirement savings and income needs with annuities

Not FDIC or NCUA/NCUSIF Insured
May Lose Value • No Bank or Credit Union Guarantee Not a Deposit • Not Insured by any Federal Government Agency

Guarantees are backed by the claims-paying ability of the issuing insurance company.

Annuities issued by **American General Life Insurance Company** (AGL), Houston, TX; **The Variable Annuity Life Insurance Compan**y (VALIC), Houston, TX; or **The United States Life Insurance Company in the City of New York** (US Life), New York, NY.

When it comes to planning and preparing for retirement, the desire for protection has never been greater.



of investors surveyed say it is important that their retirement income plan is designed to provide a guaranteed income payment or principal protection.[1]

That's why more and more individuals are turning to annuities. But you may be wondering...

What is an annuity?

Annuities are long-term insurance products designed for retirement.
In the growth stage, they can help you build assets on a tax-deferred basis.[2]
In the income stage, they can provide you with guaranteed income through standard or optional features. Depending on the type, an annuity can help meet your needs for growth, downside protection and protected lifetime income.

Some annuities also offer income benefits, such as Guaranteed Lifetime Withdrawal Benefits and Guaranteed Living Benefit riders, to help you grow your retirement income and generate protected lifetime income for you—or for you and your spouse.

There are basically five different types of annuities to consider:

1. **Fixed**
2. **Index**
3. **Registered index-linked**
4. **Variable**
5. **Income** (immediate & deferred)

Let's take a closer look at each type of annuity—and which one may make sense for you.

Guarantees are backed by the claims-paying ability of the issuing insurance company. There is no guarantee that income from annuities will keep pace with inflation.

[1] Alliance for Lifetime Income, Protected Retirement Income and Planning Study, June 2021

[2] Withdrawals of taxable amounts are subject to ordinary income tax and, if taken prior to age 59½, an additional 10% federal tax may apply. If you fund your IRA with an annuity, you should realize that these types of retirement accounts are already tax-deferred. An annuity provides no additional tax-deferred benefit beyond that provided by the retirement account itself. You should only use an annuity in a retirement account if you want to benefit from features other than tax deferral. Please consult with your financial professional and tax advisor regarding your individual situation.

1 Fixed annuity

A fixed annuity is designed for people who are looking to save money with a guaranteed fixed rate of return for a specific period of time, want protection from market risk and the option for protected lifetime income in retirement.

How it works

It provides a fixed interest rate for a specific period of time, offering a high level of predictability, along with flexible payment choices including the option for lifetime income.

Key features:

- Rate of interest is guaranteed for a specific period of time
- Protection from market downturns
- You don't have to pay taxes on any interest earned until money is withdrawn[3]
- Access to your money, possibly subject to charges
- A choice of payment options, including protected lifetime income for as long as you live
- May include a Guaranteed Lifetime Withdrawal Benefit (GLWB) for a fee to help grow future income and generate protected lifetime income
- Death benefit features available

Considerations:

- There may be withdrawal charges and an additional federal tax for early withdrawals[3]
- At the end of the specified time period, a new interest rate will be set and it may be higher or lower than the previous interest rate

More information about annuity income benefits: Income benefits, such as Guaranteed Lifetime Withdrawal Benefits and Guaranteed Living Benefit Riders, may be subject to additional fees, age restrictions, withdrawal parameters and other limitations. With variable annuities, certain investment requirements may also apply. To realize the benefits, you'll need to take withdrawals within certain parameters. Excess withdrawals may reduce the Income Base and the amount available for future lifetime income withdrawals. Be sure to ask your financial professional for complete details about the annuity and income benefit you may be considering. As an alternative to an income benefit, an annuity contract can be annuitized in order to receive lifetime income payments for no additional cost if a lifetime annuity option is chosen.[4]

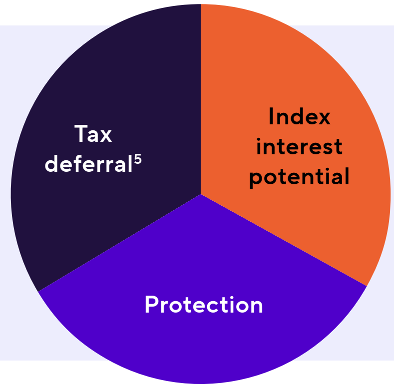
Guarantees are backed by the claims-paying ability of the issuing insurance company.

[3] Earnings or interest can grow tax-deferred. Earnings or interest is taxable as income at the time of withdrawal. Withdrawals taken prior to age 59½ may be subject to an additional 10% federal tax.

[4] Annuitization permanently converts your annuity contract to income and you no longer have access to your account value, as the value has been exchanged for a series of periodic income payments. The process of annuitization is typically irrevocable, and while it's less flexibile than a Guaranteed Lifetime Withdrawal Benefit or a Guaranteed Living Benefit Rider, income rates are generally higher.

2 Index annuity

An index annuity is designed for people who are looking for upside growth potential (based in part on the performance of a market index), principal protection from market downturns and the option for protected lifetime income in retirement.



How it works

- With an index annuity, the interest you receive is linked, in part, to the performance of a market index, such as the Standard & Poor's 500® Index.
- When the index increases, you'll receive interest based on what's specified in your annuity contract. If the index declines, you won't receive interest, but the principal of your annuity will not be affected.

Key features:

- The potential for growth based in part on the performance of a market index
- Protection from market downturns since the value of the annuity is not affected by negative index returns
- You don't have to pay taxes on any interest earned until money is withdrawn[5]
- A choice of payment options, including protected lifetime income for as long as you live
- May include a standard or optional Guaranteed Living Benefit (GLB) Rider for an annual fee to help grow future income and generate protected lifetime income
- Death benefit features are available

Considerations:

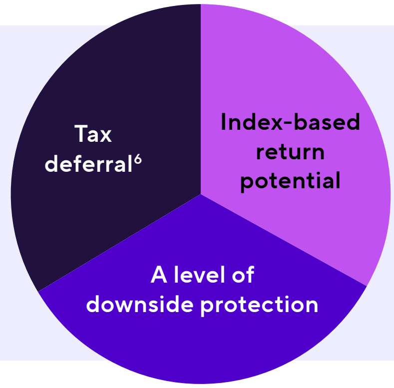
- There may be withdrawal charges and an additional federal tax for early withdrawals[5]
- In a down market, your annuity may not earn interest

Additional information about index annuities: Index annuities are not a direct investment in the stock market. They are long-term insurance products. They provide the potential for interest to be credited based in part on the performance of the specified index, and the principal may be protected from market downturns or fluctuations. Index annuities may not be appropriate for all clients. **Guarantees are backed by the claims-paying ability of the issuing insurance company.**

[5] Earnings or interest can grow tax-deferred. Earnings or interest is taxable as income at the time of withdrawal. Withdrawals taken prior to age 59½ may be subject to an additional 10% federal tax.

3 Registered index-linked annuity

A registered index-linked annuity (RILA) is designed for people who are looking for greater growth potential (based in part on the performance of a market index), but also want a level of downside protection from market downturns and the option for protected lifetime income in retirement.



How it works

- Earnings are credited to your annuity based in part on the performance of an equity market index, such as the Standard & Poor's 500® Index.
- A registered index-linked annuity can help you manage downside market risk through specific product features, such as a "buffer" that absorbs certain levels of loss in down markets.[7]
- The crediting method associated with the index strategy selected defines the upside parameters and the level of downside protection offered.

Key features:

- The potential for growth based in part on the performance of a market index, subject to certain upside parameters, such as a "cap"
- A level of downside protection from market downturns through certain product features, such as a "buffer"[7]
- You don't have to pay taxes on any interest earned until money is withdrawn[6]
- A choice of payment options, including protected lifetime income for as long as you live
- Optional Guaranteed Lifetime Withdrawal Benefit (GLWB) features may be available with certain products for an annual fee
- Death benefit features are available

Considerations:

- There's the potential for loss and such losses could be significant in a severe down market
- There may be withdrawal charges and an additional federal tax for early withdrawals[6]
- Fees generally apply for optional features, such as income benefits or enhanced death benefits

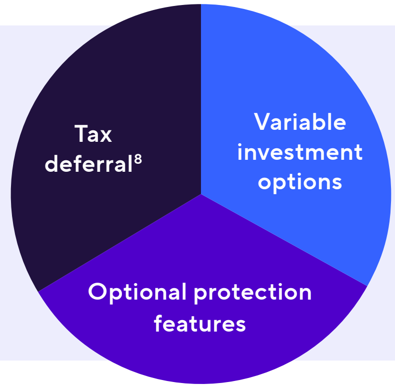
Additional information about registered index-linked annuities: Registered index-linked annuities (RILAs) are long-term insurance products designed for retirement. They are not a direct investment in the stock market. RILAs provide the potential for earnings to be credited based in part on the performance of the specified index with the potential for risk of loss of principal due to market downturns or fluctuations. The principal value and returns will fluctuate so that the contract value when redeemed may be worth more or less than the original cost. RILAs may not be suitable or appropriate for all individuals. **Guarantees are backed by the claims-paying ability of the issuing insurance company.**

[6] Earnings or interest can grow tax-deferred. Earnings or interest is taxable as income at the time of withdrawal. Withdrawals taken prior to age 59½ may be subject to an additional 10% federal tax.

[7] Keep in mind that contract losses are only limited by the amount of the buffer.

4 Variable annuity

A variable annuity is designed for people who are looking for even greater growth potential with market participation through professionally managed investment portfolios and the option for protected lifetime income in retirement.



How it works

- With a variable annuity, your rate of return is tied to professionally managed investment portfolios (variable investment options) that may include stocks, bonds or a combination of investments. The value of your annuity can move up or down depending on the performance of the underlying investment portfolios selected.
- With a variable annuity, you can benefit when the investments go up, but lose money if they go down. You can, however, purchase features that help protect your income if the market goes down.

Key features:

- Potential to benefit from market advances
- Professional money management with a choice of investment options
- You don't have to pay taxes on any interest or earnings until money is withdrawn[8]
- A choice of payment options, including protected lifetime income for as long as you live
- Optional Guaranteed Lifetime Withdrawal Benefit (GLWB) features may be available for an additional fee to help grow future income and generate protected lifetime income[9]
- Death benefit features are available

Considerations:

- You could lose some or all of your principal
- There may be withdrawal charges and an additional federal tax for early withdrawals[8]
- Variable annuities are subject to costs that include a separate account fee, a contract maintenance fee, expenses related to the operation of the variable portfolios, and the costs associated with any optional features elected.

Additional information about variable annuities: An investment in a variable annuity is subject to risk, including possible loss of principal. The contract, when redeemed, may be worth more or less than the original investment. **Guarantees are backed by the claims-paying ability of the issuing insurance company.**

[8] Earnings or interest can grow tax-deferred. Earnings or interest is taxable as income at the time of withdrawal. Withdrawals taken prior to age 59½ may be subject to an additional 10% federal tax.

[9] Investment requirements may apply with variable annuity Guaranteed Lifetime Withdrawal Benefits. Depending on market performance, you may pay for the added assurance of a Guaranteed Lifetime Withdrawal Benefit but not need to rely on the feature's benefits.

5 Income annuity

An income annuity (also known as an immediate annuity or deferred income annuity) is designed for people who are looking for a predictable level of guaranteed income now or in the future during retirement. Income annuity purchasers are more interested in maximizing their income payments.

Choice of annuity income payment options

How it works

- With an income annuity, you can begin receiving income now or in the future. The initial premium, which is the lump sum of money used to purchase the annuity, is permanently converted into a series of income payments through a process known as annuitization.
- Income payments are guaranteed for a set period of time or for life, based on your selection at the time of purchase.
  - With an immediate annuity, it is typically required that income payments begin within 12 months of purchase.
  - With a deferred income annuity, income payments typically begin after 12 months, but no later than 30 years after purchase.

Key features:

- Income can begin immediately or be deferred to a later date
- A choice of annuity payment options, including protected lifetime income for as long as you live
- May provide options for payment increases
- You don't have to pay taxes on any interest or earnings until money is withdrawn[10,11]

Considerations:

- You no longer have access to your initial premium
- An additional federal tax applies for early withdrawals[11]

Additional information about income annuities: Income annuities permanently convert principal into a guaranteed income stream. **Guarantees are backed by the claims-paying ability of the issuing insurance company.**

[10] Earnings or interest can grow tax-deferred. Earnings or interest is taxable as income at the time of withdrawal. Withdrawals taken prior to age 59½ may be subject to an additional 10% federal tax.

[11] With immediate annuities and deferred income annuities, a portion of each annuity payment represents a non-taxable return of premium paid for the annuity contract (i.e., return of principal). The balance of each payment is considered ordinary taxable income. Annuity payments from an annuity held within a tax-qualified retirement account comprising pre-tax premium/contributions will generally be fully taxable. Payments that begin prior to age 59½ may be subject to an additional 10% federal tax.

Take the next step

Your financial professional can help you further evaluate the different types of annuities that are available and help you determine if an annuity may make sense for a portion of your overall retirement portfolio.

Schedule an appointment with your financial professional today.

Additional information about annuities

Annuities are long-term insurance products designed for retirement. Early withdrawals may be subject to withdrawal charges and a market value adjustment (MVA) may also apply to certain fixed annuities and index annuities. Partial withdrawals may reduce benefits available under the contract, as well as the amount available upon a full surrender. Withdrawals of taxable amounts are subject to ordinary income tax and, if taken prior to age 59½, an additional 10% federal tax may apply. Keep in mind, for retirement accounts (such as IRAs), an annuity provides no additional tax-deferred benefit beyond that provided by the retirement account itself. An investment in a variable annuity or registered index-linked annuity involves risk, including possible loss of principal. The contract, when surrendered, may be worth more or less than the total amount invested.

Variable annuities are sold by prospectus only. The prospectus for each underlying fund as well as the variable annuity contract describe the investment objectives, risks, fees, charges, expenses and other information for each, respectively. The statutory and summary prospectuses for each underlying fund and the variable annuity contract should be considered carefully before investing. Please contact your insurance and securities licensed financial professional or call 1-800-445-7862 to obtain any of those prospectuses, which should be read carefully before investing.

Registered index-linked annuities are sold by prospectus only. The prospectus contains the investment objectives, risks, fees, charges, expenses and other information regarding the contract, which should be considered carefully before investing. A prospectus, and summary prospectus if available, may be obtained by calling 1-877-445-1262. Investors should read the prospectus carefully before investing.

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The purchase of an annuity is not required for and is not a term or provision of any banking service or activity.

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