Unleash the Power of Tax Deferral

During your retirement savings years, tax-deferred growth can help you build a larger balance to use to pay yourself during retirement. In retirement, you may find yourself in a lower income tax bracket due to lower annual income, making tax deferral even more attractive. Tax-deferred growth is one of the key features that differentiates deferred annuities from other taxable savings products.

Example: Julie and Beth

Beth and her twin Julie, age 50, are saving for retirement, and plan to work 15 more years. They have each chosen a different way to protect and grow their money set aside to cover essential retirement expenses.

Beth's Plan: She purchased a single premium deferred annuity (SPDA). Her interest earnings grow tax-deferred and are not taxed until withdrawn.

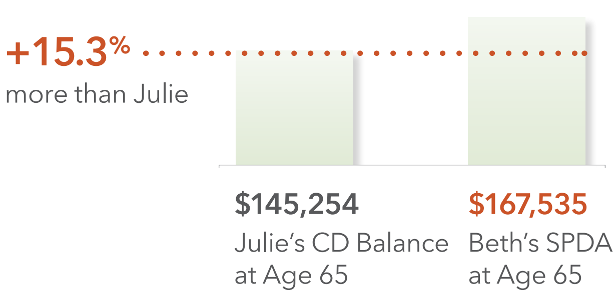
Julie's Plan: She purchased a CD and regularly searches for the best interest rate. Unlike Beth's SPDA, Julie's CD earnings are added to her income each year and she is taxed accordingly.

How it Works:

The Pre-Retirement Years

Tax-Deferred Growth

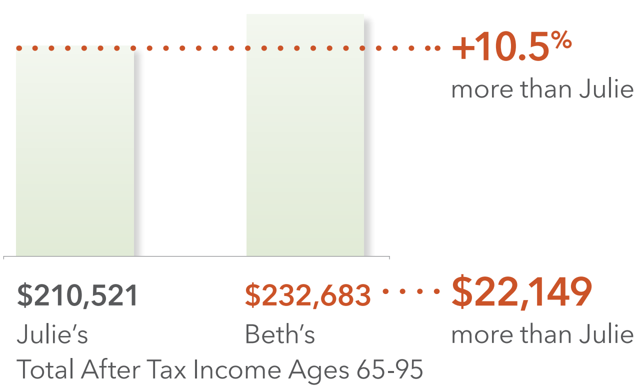
Beth and Julie each start with $100,000 initial balance at age 50. Because Beth understood the power of tax deferral, she has built a 15.3% larger account balance from which to pay herself during retirement.



The Retirement Years

Income Advantage

At retirement (age 65), Beth and Julie each begin taking a 5% annual withdrawal. Due to Beth's higher account balance, in the first year of retirement she pays herself 9.1% more than Julie (after taxes). Over the course of the next 30 years, Beth pays herself 10.5% more, on an after-tax basis, than Julie.



The First Year of Retirement

Higher Yearly Income

+9.1%
more than Julie

Beth receives **$7,369** (after tax income) while Julie only receives $6,754 .

Unleash the power of tax deferral on your retirement savings.

Other Considerations

Social Security Taxation
The annual interest earned from a CD can impact how much of your Social Security check will be taxed. In comparison, as long as earnings stay in a deferred annuity, they won't affect taxation of Social Security benefits.

3.8% Healthcare Surtax
Beginning in 2013 a new 3.8% surtax will apply to certain "net investment income" for individuals whose modified adjusted gross income (MAGI) exceeds specified levels.

For example, a couple filing jointly with a MAGI of $255,000 of which $5,000 is interest earnings will pay the surtax on $5,000, in addition to their other federal income tax liabilities. Gain in a deferred annuity is not subject to the new surtax unless withdrawn.

Discuss the benefits of a fixed annuity with your financial professional today.

Taxable Equivalent Yield Chart

The table below can help determine the interest rate needed on a taxable investment to equal the growth in a tax-deferred annuity. Below are the federal marginal income tax brackets for 2012.

	Federal Marginal[1] Income Tax Bracket					
	10%	15%	25%	28%	33%	35%
Tax Deferred Rate	Taxable Equivalent Yield					
6.50%	7.22	7.65	8.67	9.03	9.70	10.00
6.00%	6.67	7.06	8.00	8.33	8.96	9.23
5.50%	6.11	6.47	7.33	7.64	8.21	8.46
5.00%	5.56	5.88	6.67	6.94	7.46	7.69
4.50%	5.00	5.29	6.00	6.25	6.72	6.92
4.00%	4.44	4.71	5.33	5.56	5.97	6.15
3.50%	3.89	4.12	4.67	4.86	5.22	5.38
3.00%	3.33	3.53	4.00	4.17	4.48	4.62
2.50%	2.78	2.94	3.33	3.47	3.73	3.85
2.00%	2.22	2.35	2.67	2.78	2.99	3.08
1.50%	1.67	1.76	2.00	2.08	2.24	2.31
1.00%	1.11	1.18	1.33	1.39	1.49	1.54

[1] The marginal tax bracket is the highest tax rate imposed on your income.

Hypothetical Example Assumptions: $100,000 initial balance, constant 3.5% interest rate for both fixed annuity and CD throughout the time period illustrated; both Beth and Julie are taxed at a 28% federal income tax rate on recognized earnings while working and 15% once retired; Julie's withdrawal amount each year from her CD equals her tax liability; Beth takes no money from her SPDA for 15 years. No assumptions are made concerning taxpayer deductions, any impact of the alternative minimum tax, or about state and local taxation. If the assumptions used are different from actual practice the results will vary.

All guarantees are based on the claims-paying ability of the issuing insurance company.

There is no additional tax deferral benefit for annuities purchased in an IRA, or any other tax-qualified plan, since these plans are already afforded tax-deferred status. The other benefits and costs should be carefully considered before purchasing an annuity in a tax-qualified plan.

The discussion of tax treatments in this material is the Genworth Financial Companies' interpretation of current tax law and is not intended as tax advice. Your clients should consult the contract and a tax professional.

Withdrawals/surrenders have the effect of reducing the contract value and death benefit.

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