

# Retirement Income Reimagined

## Why a variable annuity?

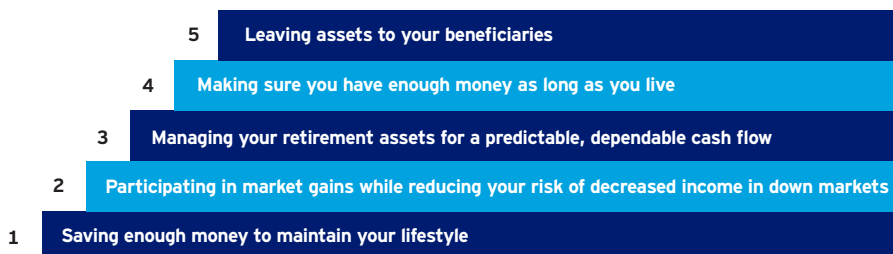


### What is a variable annuity?

- + A variable annuity (VA) is a long-term, tax-deferred investment vehicle designed to provide investors with a way to accumulate funds and then distribute those funds as income during retirement.
- + Many VAs offer a wide range of investment options that may align with an investor's personal investment objectives.
- + Much like an IRA, VA earnings are taxable as ordinary income when distributed. If funds are withdrawn prior to age 59½, an early withdrawal penalty may be assessed.<sup>1</sup>

Think of your retirement as stair steps, with each step representing an important retirement goal. As you see below, the first step is, of course, saving enough for retirement. Then you want to continue investing while managing the risk of declining income. You also want dependable cash flow that lasts your lifetime. And you may want to leave assets for your heirs.

### A variable annuity (VA) may help you step through retirement



But as you learned in Physics 101, upward motion meets downward forces. In retirement, those forces include unpredictable markets, fluctuating interest rates and a longer lifespan.

To help you negotiate the steps of retirement, you may want to consider a variable annuity (VA). Here's why:

- 1 Saving enough money to maintain your lifestyle.** VAs offer the potential for tax-deferred investment growth because you can invest in stock and bond subaccounts<sup>2</sup> that range from conservative to aggressive. This flexibility allows you to tailor your portfolio to your risk tolerance and time horizon for retirement.
- 2 Participating in market gains while reducing your risk of decreased income in down markets.** A VA with a living benefit option<sup>3</sup> can increase in value in up markets while offering you a guaranteed level of income payments in down markets.
- 3 Managing your retirement assets for predictable, dependable cash flow.** Annuities (fixed and variable) offer potential for tax-deferred growth during retirement. In addition, they are the only financial instruments available today - other than Social Security and pensions - that can guarantee an income stream for as long as you live.
- 4 Making sure you have enough money as long as you live.** A VA guarantees an income stream - which helps protect you from outliving your retirement savings - and provides you with income to pay for your critical retirement needs.
- 5 Leaving assets to your beneficiaries.** If your priority is transferring assets to your beneficiaries, VAs offer benefits that can assist you with achieving those planning goals.

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## Fast facts about VAs

- + A long-term, tax-deferred investment vehicle issued by an insurance company.
- + Typically offers optional benefits or features with additional costs.
- + Product guarantees are subject to the claims-paying ability of the issuing life insurance company.

1 If earnings are withdrawn prior to age 59½, they may be subject to a 10% federal tax penalty.  
2 Subaccounts are subject to market fluctuations, which may result in gain or loss.  
3 A living benefit is a rider that incurs extra cost and is subject to restrictions and limitations.

# VAs at a glance

The chart below compares VA features and benefits with several types of investments and life insurance. As you'll see, VAs are the only product with guaranteed lifetime income – an attractive feature for those concerned about outliving their savings.

Comparing features and benefits							
	Guaranteed lifetime income	Death benefit	Tax deferred	Annual	Access to money	Required minimum distributions (RMD)	Expenses
<b>Variable annuity</b>	Yes <sup>1</sup>	Yes. Taxable to heirs; not subject to probate.	Yes. Interest, dividends and capital gains grow tax deferred until payout phase and then are taxed as ordinary income.	No	Yes, during accumulation phase - specified percentage without surrender charge (early withdrawal penalties may apply before age 59½).	No. However, if VA is purchased within a traditional IRA or qualified retirement plan, RMD applies. <sup>2</sup>	Vary, but typically include administrative and maintenance fees, mortality and expense risk fees and underlying variable annuity fund (subaccount) management fees. A sales charge and/or surrender charges may also apply.
<b>Mutual funds</b>	No	No	No. Gains are generally taxable in the year realized and taxed at capital gain, qualified dividend or ordinary income rates.	No	Yes, redeemable at any time.	No	Vary depending on share class, but typically include a fund management fee. May include sales charge (load) or contingent deferred sales charge, distribution or service (12b-1) fee.
<b>Traditional IRA</b>	No	No	Yes	Yes	Yes, with penalty if prior to age 59½, unless for a "qualifying distribution."	April 1 <sup>st</sup> of the year following the calendar year an individual attains age 70½.	N/A
<b>Qualified retirement plans</b>	No	No	Yes	Yes	Yes, if plan has loan, inservice or hardship provision (early withdrawal penalties may apply before age 59½).	April 1 <sup>st</sup> of the year following the calendar year an individual attains age 70½, with some exceptions for non-key employees who work beyond age 70½.	N/A
<b>Life insurance</b>	No	Yes. Generally not taxable to heirs.	Depends on policy provisions.	N/A	Depends on policy provisions.	N/A	Typical expenses include administrative and maintenance fees, cost of insurance and mortality and expense risk fees.

While VAs are long-term investments, mutual funds may be long- or short-term investments, and life insurance is purchased primarily for a death benefit. Mutual funds qualify for a stepped-up tax basis at death, while VAs, IRAs and qualified retirement plans do not.

If annuitization is chosen during the payout phase of a VA, the contract holder does not have access to the underlying account value. Optional living benefits such as guaranteed lifetime withdrawal benefits and guaranteed minimum income benefits do offer access to the underlying account value during the payout phase, but withdrawals will reduce the income guarantee.

1 Annuity product guarantees are based on the issuing insurance company's claims-paying ability.

2 Annuities can be purchased within or outside of qualified retirement plans and traditional IRAs. RMDs don't apply to VAs purchased outside of qualified plans or traditional IRAs. RMDs apply for VAs that are purchased within qualified plans or traditional IRAs. RMDs for these products are noted in the chart above. Using a VA to fund a qualified retirement plan does not provide additional tax deferral.

NOT FDIC INSURED MAY LOSE VALUE NO BANK GUARANTEE

Note: Not all products, materials or services available at all firms. Advisors, please contact your home office.

This information is not intended as tax advice. Investors should consult a tax advisor.

Annuity benefits and features vary, so you should carefully consider whether this product is right for you. Some benefits may incur additional costs. Any guarantee associated with an annuity is subject to the claims-paying ability of the issuing life insurance company.

Invesco Distributors, Inc. does not offer any variable products.

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions.