

Income for Life

Get tax-deferred growth and flexibility with a variable annuity

Today, Social Security and pension payments supply less than half the income retirees need to maintain their lifestyle. If you think that's bad, take a look ahead: By 2030, the portion of income covered by Social Security and pensions will have shrunk to 25%, according to Cerulli Associates. Given that most Americans will support themselves in retirement, many people are taking another look at annuities.

A variable annuity is a contract issued by a life insurance company that provides a variety of investment choices. Variable annuities can offer tax-deferred growth and the flexibility to make changes according to your needs and market conditions, and they can complement other retirement investments such as 401(k)s and IRAs.

Compare a taxable investment with a tax-deferred investment. If returns are equal for both, a tax-deferred investment will typically compound to a greater amount over the long term, since taxes can diminish the growth of a taxable investment. Unlike IRAs and 401(k)s, annuities do not require you to begin withdrawing your money until well after age 70½. Plus, there's no IRS contribution limit, so you can invest as much and as often as you want.¹ And they let you structure an income stream that meets your needs, including guaranteed income for life.

As with all tax-deferred retirement investments, there are penalties for early withdrawals from a variable annuity. Most withdrawals of earnings made

before you turn 59½ will be subject to a 10% federal income tax penalty, so before you buy a variable annuity, make sure you won't need that money in the shorter term. Since variable annuities are insurance products, they are subject to insurance-related fees and other expenses. And many contracts are subject to a surrender charge if you decide to cancel the contract before the surrender-charge period ends.

The Schwab Signature™ Annuity is a variable annuity that features an array of investment choices in several asset classes, including large- and small-cap stocks, international stocks, and bonds.

"We selected this annuity especially for our Signature Services clients," says Greg Findley, director at Charles Schwab Insurance Services. "It can offer investors considerable savings over the majority of variable annuities on the market.² And clients can apply for and manage it online." Benefits include no surrender charges, no annual contract fees, and free unlimited transfers.³

For more information about the Schwab Signature Annuity, call the



Schwab Insurance Center at 888-560-5938. Annuity specialists are available weekdays, 6 a.m. to 4:30 p.m. PT.

The Schwab Signature™ Annuity (Form J444) is a flexible premium variable annuity, issued by Great-West Life & Annuity Insurance Company. Charles Schwab & Co., Inc., is the broker-dealer, insurance agency, and distributor.

¹ May be subject to insurance company limitations as referenced in the prospectus. Read the prospectus carefully before investing or sending money. Some annuities can be purchased as an IRA and are thus subject to IRS limitations.

² Source: 12/31/00 Morningstar Variable Annuities/Life; 447 variable annuities surveyed. See prospectus for details on expenses.

³ Great-West reserves the right to impose transfer restrictions.

Should You Transfer an Existing Annuity?

Switching from one annuity to another—known as a 1035 Exchange—is tax-free and relatively simple, but always check the fine print on your contract before you proceed. Here are some reasons you might want to consider a transfer:

- ◆ Your surrender charges have expired (typically a 7- to 12-year period).
- ◆ Total annual expense of your annuity is higher than the industry average of 1.28%.²
- ◆ Your annuity imposes fees for moving assets among investment choices.
- ◆ Your annuity does not offer a wide variety of investment choices.