

# The Power of a Tax-Deferred Annuity

## Tax-deferral benefits of fixed index annuities:



No taxes on interest until a withdrawal is made<sup>1</sup>



Allows for contract growth potential and interest to compound



Ability to tax plan for future distributions



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**AMERICAN EQUITY**  
INVESTMENT LIFE INSURANCE COMPANY®

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## Tax-Deferred Growth Potential

A tax-deferred annuity allows your premium and interest to accumulate on a tax-deferred basis. While your money remains in your annuity contract, you will not be taxed on any potential interest credited. When you withdraw money, any taxable portion distributed is taxed as ordinary income.<sup>1</sup>

	Currently Taxed	Tax-Deferred
Current Balance	\$100,000	\$100,000
Interest Rate	3%	3%
Interest Earned	\$3,000	\$3,000
Tax Bracket	24%	24%
Tax Payable	\$720	\$0*
After Tax Interest	\$2,280	\$3,000
After Tax Yield	2.28%	3%

\*Assuming no withdrawals. | Source: <https://taxfoundation.org/2021-tax-brackets/>

## Tax-deferred versus Taxable Impacts

With this example, a contract owner is in the **24 percent** federal tax bracket and has a fixed index annuity that earns **2.50 percent**. To equal those earnings with a taxable investment product, they would have to earn a rate of **3.29 percent** instead.

Discover how to make the most of your time and finances with a fixed index annuity.

## FEDERAL TAX BRACKET

22% 24% 32% 35%

Rate your tax-deferred annuity earns**	Rate needed in a taxable investment to be equivalent to the earning of your annuity			
1.50%	1.92%	1.97%	2.21%	2.31%
2.00%	2.56%	2.63%	2.94%	3.08%
2.50%	3.21%	<b>3.29%</b>	3.68%	3.85%
3.00%	3.85%	3.95%	4.41%	4.62%
3.50%	4.49%	4.61%	5.15%	5.38%
4.00%	5.13%	5.26%	5.88%	6.15%

<sup>1</sup> Assumes contract is individually owned.

For product specific details, please see sales brochures and disclosures.

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\*\* Rates shown are for demonstration purposes only and are not meant to depict current crediting rates available on American Equity annuity products.



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