GROWTH WITHOUT RISK

The Safe and Secure Way to Earn Stock Market Linked Returns *Without* Market Risk to Your Principal

Presented By:

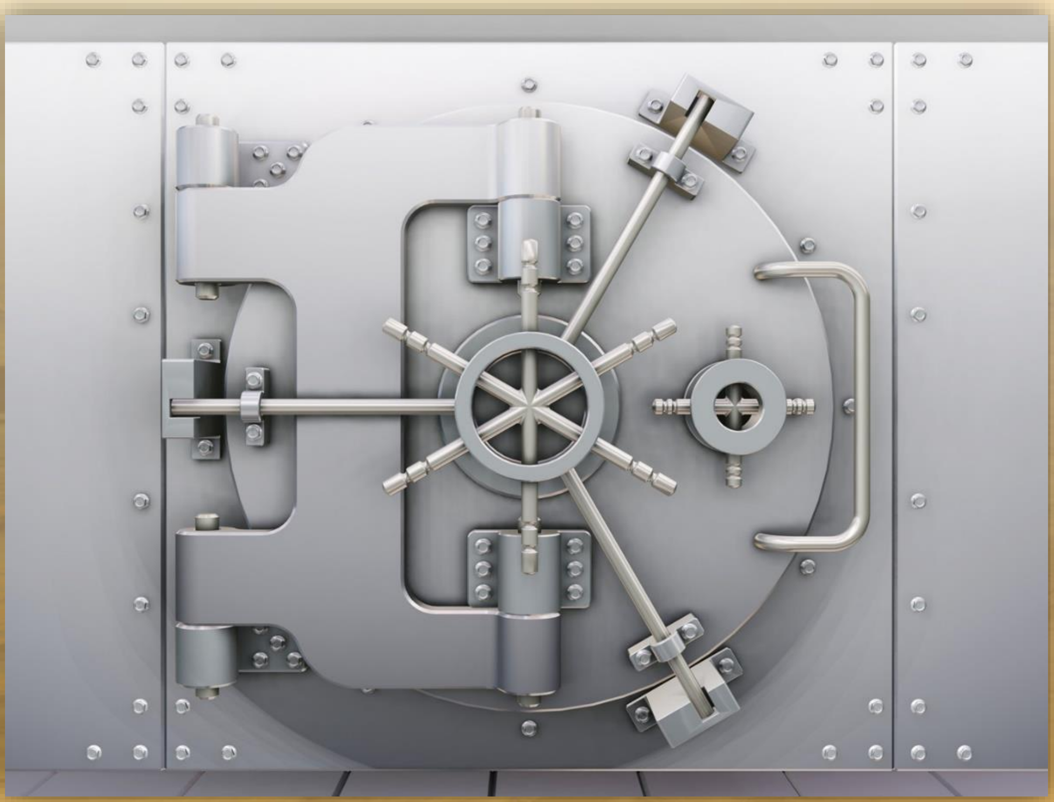
Kent Barrett

< Notice >

We do not provide legal
or accounting advice.
Please consult your qualified attorney or CPA for proper legal or accounting counsel or with one of our partnering professionals.

What is an Annuity?

A Contract Between You and an Insurance Company



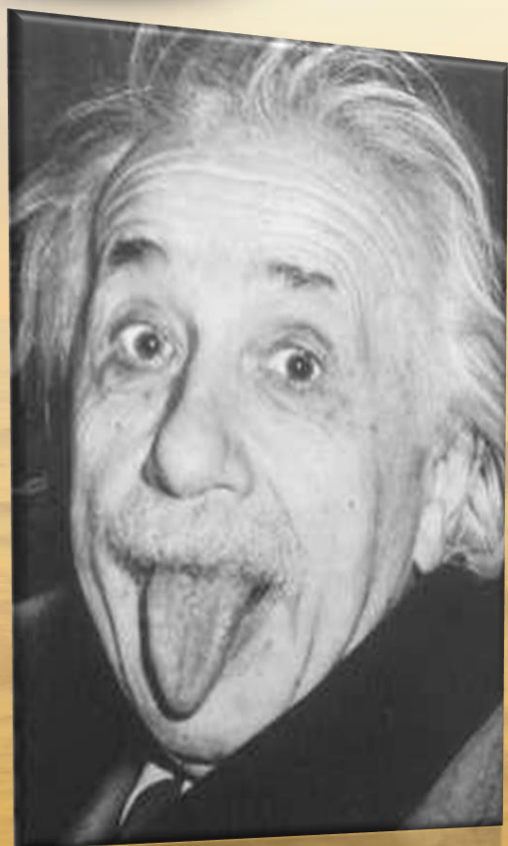
Qualities of this Unique Savings Vehicle

1. Time Tested – in America since 1759
2. No Risk to Your Principal Deposit
3. Easy to Obtain
4. Tax Deferred Interest Growth
5. Can Avoid Social Security Taxation
6. Not Subject to Probate – to time delays or fees
7. Creditor Proof – in many states
8. Medicaid Friendly
9. Guaranteed Growth
10. Income for Life

6 KEYS

To Growing Your Wealth Without Sinking Your Nest Egg

KEY #1



Albert Einstein – Quote:

“The 8th Wonder of the World is The Miracle of Compounding Interest.”

Triple Compounding – Earning interest on your:

1. Principal
2. Interest
3. Interest that normally is paid in taxes each year

- Who has ever received a 1099 before?
- What does this 1099 force you to do every year?

PAY TAXES!

Whether you needed / wanted the interest or NOT!!

Triple Compounding – Earning interest on your:

1. Principal
2. Interest
3. Interest that normally is paid in taxes each year

- Who has ever received a 1099 before?
- What does this 1099 force you to do every year?
- What type of accounts receive a 1099?

  CDs, Money Market Accounts, Bonds, Treasury Bills, etc.

Example:	\$100k	Principal
	x 4%	Interest Rate
	\$4,000	Interest
	x 25%	Tax Bracket
	\$1,000	Taxes

- What type of accounts allow you to use "The Miracle of Compounding Interest?"

  Annuities, IRA Accounts, 401(k), 403(b), Life Insurance

- What does Section 72 of the IRC say?

  Interest earned in an annuity is NOT taxed, unless withdrawn

- How does "Triple Compounding" benefit the account holder?

  GAO Report – Jan. 1990

GAO

January 1990

GAO/GGD-90-31

Chapter 1

Introduction

Certai
grante
the 19
them
the pr
ucts b
rowin

Whole
sprea
In the
of ins
cost o
fied ti
mium
perio

Both
tion t
advar
eleme
eleme
mium
promi
paid t
surre
long a
the p
holde
the sa
tax is
ally p
perio
earne
of def

The e
insura
ment
tion. I
taxed
ing to

Page 1

Table 3.1: Premiums for $100,000 Whole Life Insurance Policies When Inside Buildup Is Taxed and Not Taxed

	Premiums	
Type of policy	Inside buildup not taxed	If buildup were taxed
Annual premium	$676/year	$909/year
Single premium	$12,432	$20,742

Note: Premiums based on a policy purchased by a 25-year-old male using 1980 Commissioners' Standard Ordinary Mortality Table for males with an interest rate of 5 percent and a marginal tax rate of 28 percent. Premiums do not include loading costs.

From the insurance companies' standpoint, lower premiums mean they can sell more policies or more insurance per policy. Lower premiums are possible because the inside buildup grows at a faster rate when not taxed and can eventually pay a greater portion of the promised death benefits. From the policyholders' standpoint, the amount paid for a given amount of insurance is lower and the amount invested in the policy (i.e., the unused premiums) earns interest income at a higher rate than if it were taxed. The cash value of the policy (unused premiums plus accumulated interest income) is available to policyholders through borrowing or upon surrender of the policy in whole or in part.[3]

Inside buildup on deferred annuities is given the same tax treatment accorded unrealized interest income earned on life insurance. As premiums are paid into a deferred annuity but before any amount is actually received by the annuitant, the interest income earned accumulates without any current tax. The owner's wealth increases with the interest accumulation and at a faster rate than if the interest accumulation were subject to current taxation. Table 3.2 shows the difference in premiums on a $10,000 deferred annuity with no tax and with a hypothetical tax of 28 percent on the inside buildup. From the standpoint of the annuity owner, fewer resources or out-of-pocket costs are needed to provide income for retirement, for example, or for any other purpose.

Table 3.2: Premiums for Deferred Annuity of $10,000 Annually When Inside Buildup Is Taxed and Not Taxed

	Premiums	
Type of policy	Inside buildup not taxed	If buildup were taxed
Annual premium	$886/year	$1,480/year
Single premium	$13,403	$27,064

Note: Premiums based on a deferred annuity purchased by a 25-year-old male to begin at age 60 using the 1971 Male Annuity Mortality Table and an interest rate of 6 percent. Premiums do not include loading costs.

[3] Surrendering a life insurance policy means exchanging the policy for all or part of its cash value.

- What type of accounts allow you to use "The Miracle of Compounding Interest?"

  Annuities, IRA Accounts, 401(k), 403(b), Life Insurance

- What does Section 72 of the IRC say?

  Interest earned in an annuity is NOT taxed, unless withdrawn

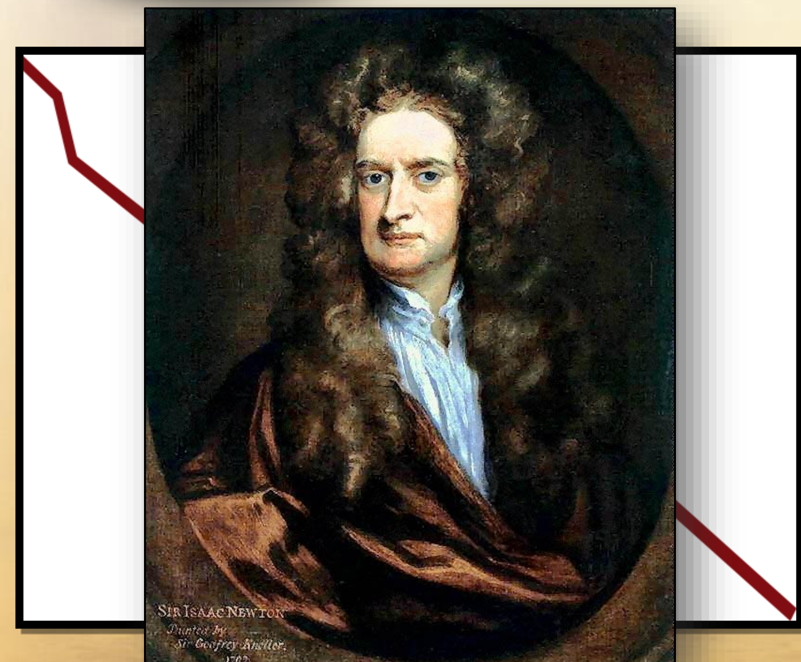
- How does "Triple Compounding" benefit the account holder?

  GAO Report – Jan. 1990

Example: $100k x 7% (compounded) = $200k in 10 years

$100k x 7% (taxable – 28%)= $200k in 14 years

KEY #2



Double Compounding in Reverse

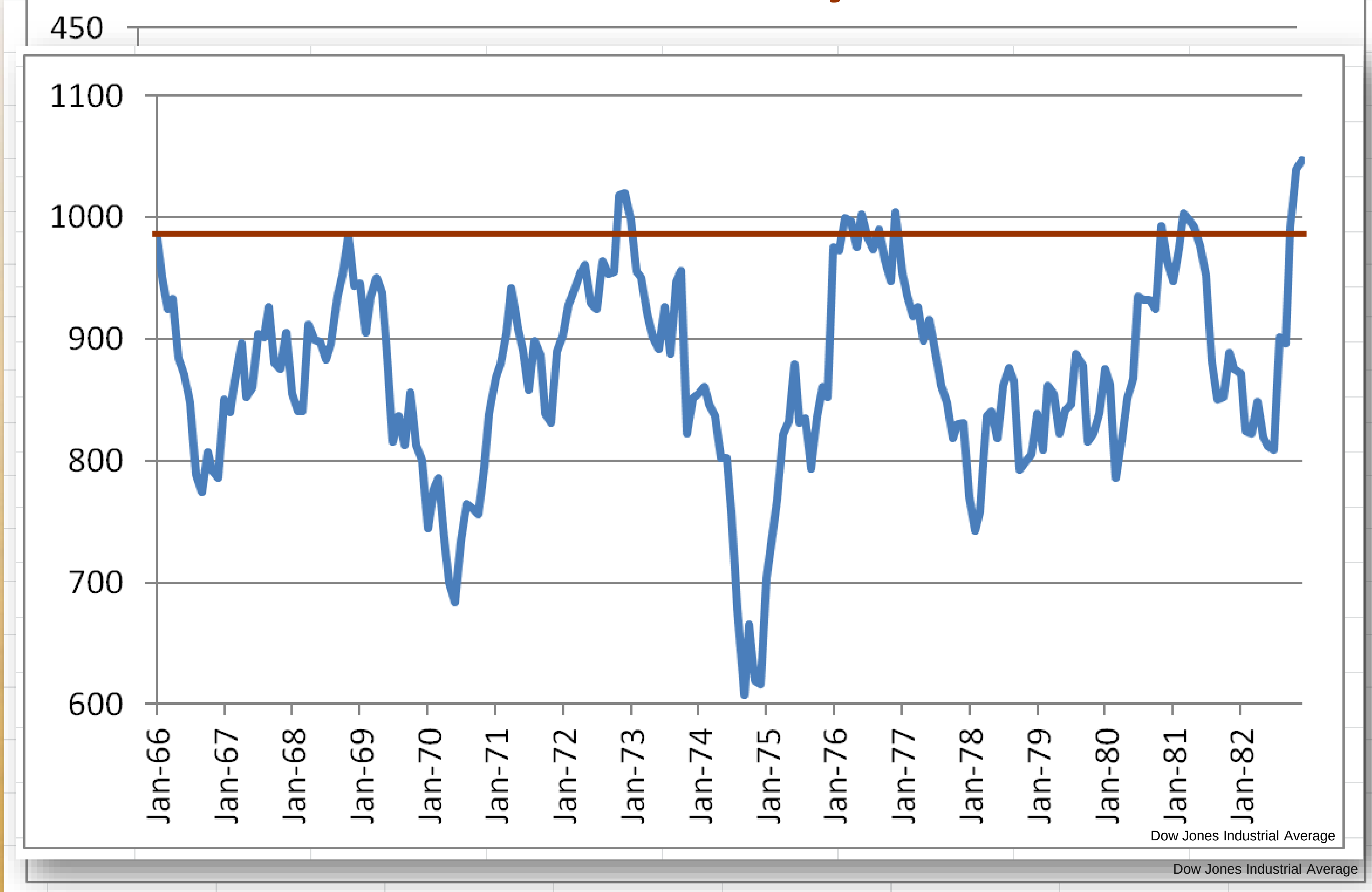
"What Goes Up, Must Come Down."

Have you found that it seems easier to **lose** 10% than **make** 10% in the stock market?

What about 20%?

30%?

Here's Why:


450
1100
1000
900
800
700
600
Jan-66
Jan-67
Jan-68
Jan-69
Jan-70
Jan-71
Jan-72
Jan-73
Jan-74
Jan-75
Jan-76
Jan-77
Jan-78
Jan-79
Jan-80
Jan-81
Jan-82
Dow Jones Industrial Average
Dow Jones Industrial Average

The Moral of the Story is:

Not Losing Money is More Important than Making Money, Especially When You're Retired.

KEY #3

The Power of Zero

~~0~~

Who Would be Excited About Earning ~~0~~ in the Stock Market This Year?

Who Would be Excited About NOT LOSING Anything in the Stock Market This Year?

Market Losses:

$100k	Account Value
- 50%	Market Decline
$ 50k	**New Account Value**

Zero Losses:

$100k	Account Value
- 50%	Market Decline = **0 Loss**
$100k	**New Account Value**

Invested in the Stock Market in 1928

82 years later

2010

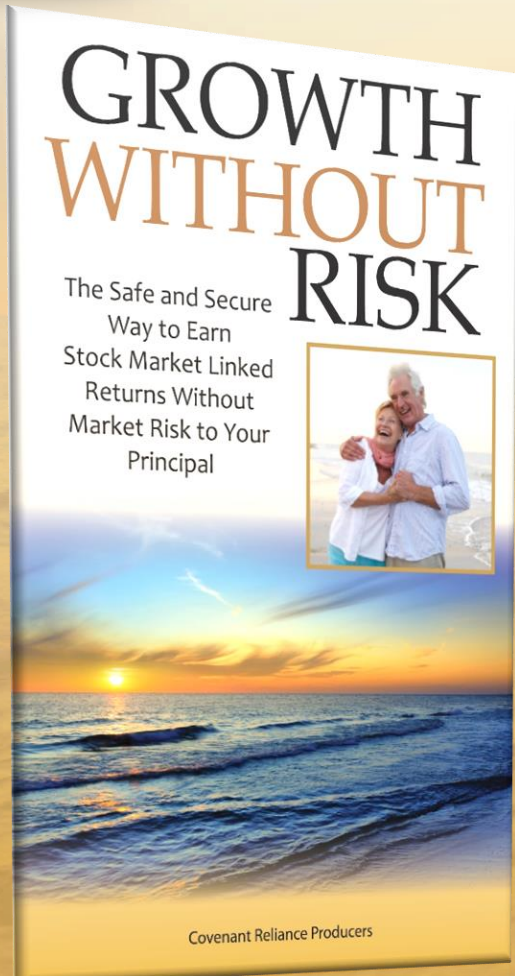
$45,913
Buy & Hold

$868
Missed 30 Best Months

$6,886,104
Missed 30 Worst Months

Disclaimer for Dow Jones: Stock price data based on end-of-month closing prices for the Dow Jones Industrial Average from October 1, 1928 through December 31, 2010.

KEY #5



Growth Without Risk

1995	-	$500 Million
2010	-	$32.4 Billion
16 Years	-	$260 Billion

What is it?

Fixed Indexed Annuity

KEY #4

New Math

"Winner EVERY Time"

New Math = You get the Gains with None of the Losses!

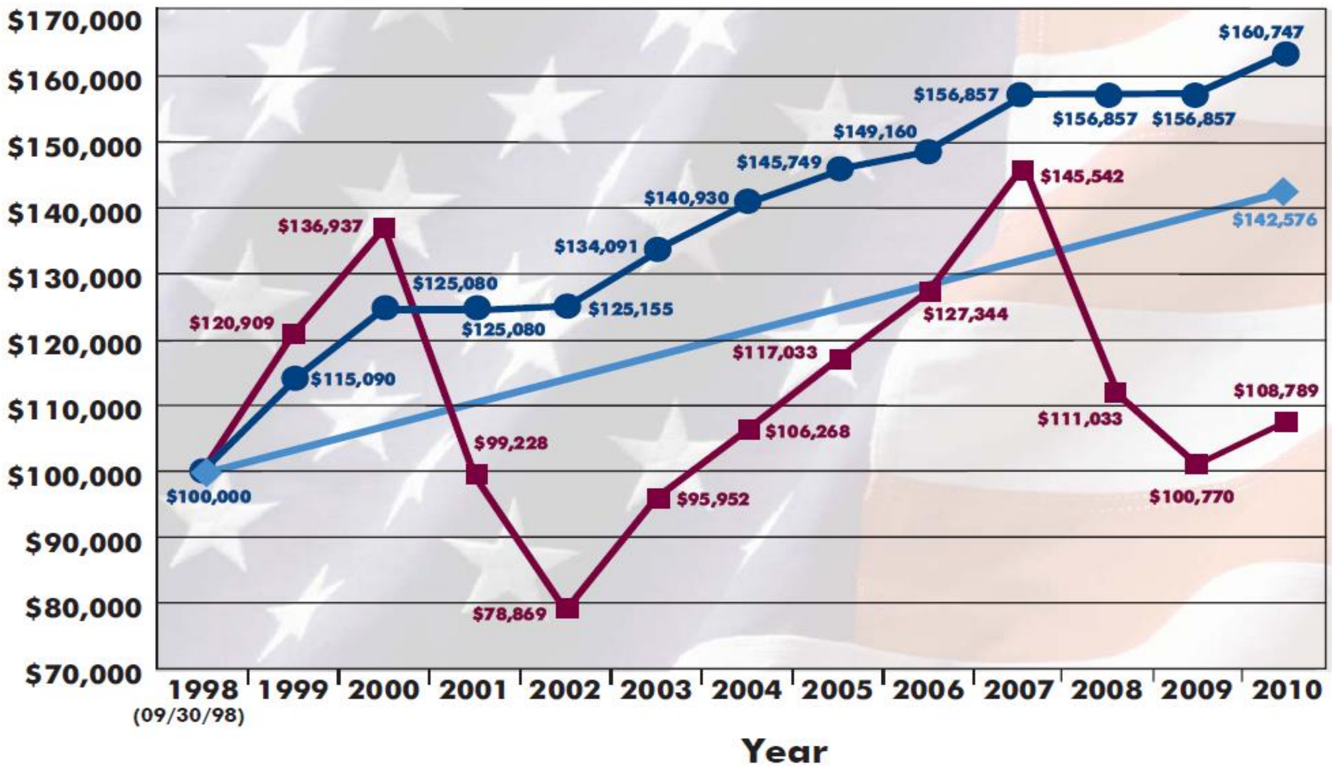
Wouldn't it be nice if there was an account that gave you all the benefits of:

1. Albert Einstein's – "Miracle of Compounding Interest"
2. NO – "Double Compounding in Reverse"
3. Had the "Power of Zero" (against losses)
4. Gave you the "New Math"

The "REAL BENEFITS" of Indexed Annuities with the Annual Reset Design

A history of American Equity's Index-5* (9/30/98 - 9/30/10)

THIS IS NOT AN ILLUSTRATION. IT'S AN ACTUAL POLICYHOLDER'S ANNUITY.



*This graph is based on actual credited rates for the period shown on the Index-5 product which is no longer available for sale.

Past performance is not an indication of future results. Please call your American Equity Agent for new product information. Check out product disclosure for specific information.

8109 10.05.10

AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY

KEY #6

NEVER RUN OUT OF MONEY IN RETIREMENT!

The Old Fear of Dying Shortly After Retirement Has Now Been Replaced by the Fear of Outliving Our Assets!

CBTV – On the Street Interview

KEY #6

NEVER RUN OUT OF MONEY IN RETIREMENT!

The Old Fear of Dying Shortly After Retirement Has Now Been Replaced by The Fear of Outliving Our **Assets**!

With the:

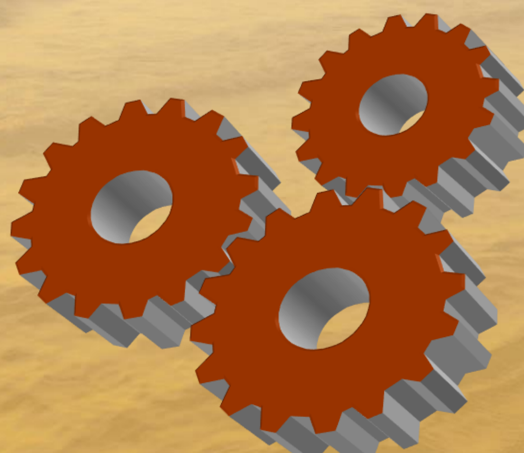
1. **Elimination** of most defined benefit plans
2. **Instability** of Social Security
3. **Volatility** of the stock market

Q = How can you guarantee you will *never* outlive your assets?

Lifetime Income Benefit Rider (LIBR)

Only a few of the 41 Insurance Companies who offer FIA's have a special Guaranteed Lifetime Income feature.

Here's how it works:



Lifetime Income Benefit Rider Illustration 7%						
Age	Year	Income Acct Value	Guaranteed % Rate	Year End Income Acct Value	Annual Client Payout	Payout %
60	1	$100,000	7%	$107,000	---	
61	2	$107,000	7%	$114,490	---	
62	3	$114,490	7%	$122,504	---	
63	4	$122,504	7%	$131,080	---	
64	5	$131,080	7%	$140,255	---	
65	6	$140,255	7%	$150,073	---	
66	7	$150,073	7%	$160,578	---	
67	8	$160,578	7%	$171,819	---	
68	9	$171,819	7%	$183,846	---	
69	10	$183,846	7%	$196,715	---	
70	11	$196,715	7%	$210,485	---	
71	12	$210,485	7%	$225,219	---	
72	13	$225,219	7%	$240,985	---	
73	14	$240,985	7%	$257,853	---	
74	15	$257,853	7%	$275,903	$16,554	=6%

Disclaimer: This is a hypothetical illustration. No particular insurance company or product is being illustrated or assumed.

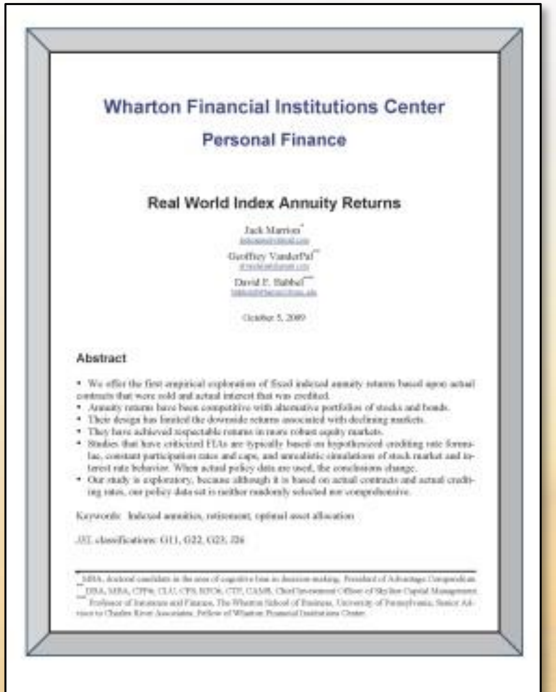
Who Endorses Annuities?

President Obama's Middle Class Task Force

"Annuities are among the tools the administration is promoting as it tries to give Americans a better shot at a more secure retirement." (Jan. 2010)

AARP's Observation

"We have not spent nearly enough time discussing the best ways to take money and turn it into an income stream that lasts throughout retirement."
(Sept. 2009)


Wharton Financial Institutions Center

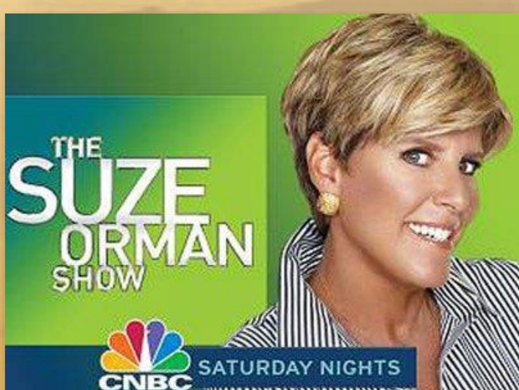
Personal Finance

Real World Index Annuity Returns

Abstract

Wharton School of Business

"While the S&P 500 index has produced near zero total return over 12 years, the FIA using the S&P 500 index on average produced returns of 5.79% using a 5-year annualized rolling return from 1997-2007"



Suze Orman

"How do I know if an index annuity is right for me?

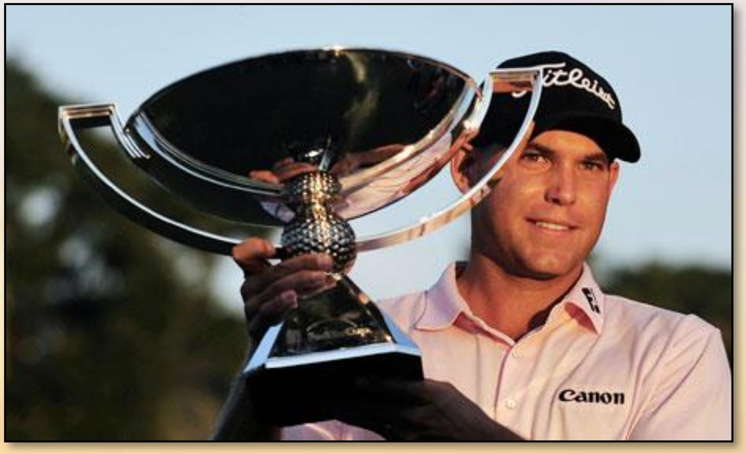
If you do not want to take any risks but still want to play the stock market, a good index annuity may be right for you."

("The Road to Wealth" – page 473)

Fedex Cup Winners

Jim Furyk

2010



Bill Haas

2011

State Lotteries

Game Shows

$1,000,000 Winner!

The small print reads:

"The prize, which totals $1,000,000 is payable in a financial annuity over forty years, or the contestant may choose to receive the present cash value of such annuity."

"The prize, which totals $1,000,000 is payable in a financial annuity over forty years, or the contestant may choose to receive the present cash value of such annuity."

And now a short video clip about Fixed Indexed Annuities from:

FOX BUSINESS

CNBC

Fox Business News

CNBC

6 KEYS

To Growing Your Wealth Without Sinking Your Nest Egg

Recap

1. Albert Einstein's – "Miracle of Compounding Interest"
2. NO – "Double Compounding in Reverse"
3. "Power of Zero" – against market losses
4. "New Math in Vegas – Winner Takes Half"
5. "Growth Without Risk" – Participate when the market goes up, *never* when it goes down!
6. "Lifetime Benefit Income Rider" – Insure you will never run out of money in retirement!

Explanation for people who think that tax-deferred growth is NO better than annual taxable accounts.

Ex: \$100k x 7% (compounded) = \$200k in 10 years

\$100k x 7% (taxable – 28%) = \$200k in 14 years

In 10 Years you either:

1. Draw the <u>interest</u> off the account value
2. Cash out the <u>entire</u> account value

Ex: $100k x 7% (compounded) = $200k in 10 years

$100k x 7% (taxable) = $200k in 14 years

28%

---

1. Draw the <u>interest</u> off the account value in 10 years:

<u>Compounded Account</u>:	vs.	<u>Taxable Account</u>:
$200,000		$155,666
x 7%		x 7%
$14,000	<u>Annual Interest</u>	**$10,897**

Ex: $100k x 7% (compounded) = $200k in 10 years

$100k x 7% (taxable) = $200k in 14 years

28%

2. Cash out the entire account value in 10 years:

Compounded Account:	vs.	Taxable Account:
$200,000		$155,666
(- 28% taxes on $100k gain)		(taxes paid annually)
$172,000	**Net Value**	$155,666

Wow! I love the sound of this account.

How do I learn more?

1) Call me at 601-991-0081.
2) Set an appointment by email at kbarrett@employerservicesms.com
3) Visit with me in my Office or in your Home
4) Discover how you can stop **losing** money when the market declines and start **locking-in** all or a part of the gains when it increases!
5) Insure you will never outlive your assets in retirement!

GROWTH WITHOUT RISK

The Safe and Secure Way to Earn Stock Market Linked Returns *Without* Market Risk to Your Principal

Presented By:

Kent Barrett