Income Savvy® Insights

Insights and tips to help you make informed decisions about retirement

We see the future in you.℠ — AIG Life & Retirement

Contents

When it comes to planning for retirement, there are a number of key insights and important factors you may want to consider with the help of your financial professional.

Annuity guarantees are backed by the claims-paying ability of the issuing insurance company.

This material is intended only for educational purposes to help you, with the guidance of your financial professional, make informed decisions.

Table of contents

Today's retirement realities

Behavior matters

Generating reliable income in retirement

Today's retirement realities

Retirement may last longer than you think.

You may need to plan for a retirement that lasts 30 years or longer. What's more, the wealthier you are, the longer you may live.

Increasing longevity introduces new challenges.

Will you outlive your money? What is your greatest worry about a long retirement?

See pages that follow for additional information

The odds of living longer

The reality is that you could end up living a lot longer than you may think.

Probability of living to specified ages

	Age 90	Age 95	Age 100
65-Year-Old Female	53%	31%	12%
65-Year-Old Male	43%	21%	6%

Source: Society of Actuaries 2012 Individual Annuitant Mortality Tables (Age Nearest, with Scale G mortality improvement).

Assuming a couple, both age 65, there is a:

- **50%** chance that one spouse will live to age **93**
- **25%** chance that one spouse will live to age **97**

Plan for a long retirement

Consider the probabilities of a 65-year-old living well into his or her 90s—if not to age 100.

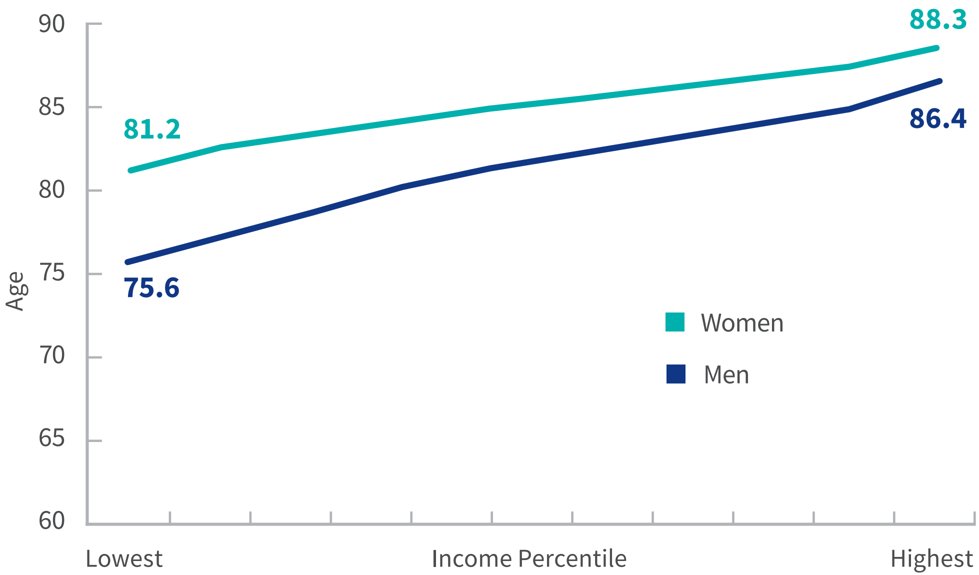
- Nearly a **1 in 3 chance** a 65-year-old female will live to 95.
- **1 in 5 chance** a 65-year-old male will live to 95.

This could mean spending three or four decades retired and without a regular paycheck.

Source: Society of Actuaries 2012 Individual Annuitant Mortality Tables (Age Nearest, with Scale G mortality improvement).

Can wealth impact your longevity ?

Life Expectancy and Income



Source: Raj Chetty, Michael Stepner, Sarah Abraham, Shelby Lin, Benjamin Scuderi, Nicholas Turner, Augustin Bergeron, and David Cutler, 2016.

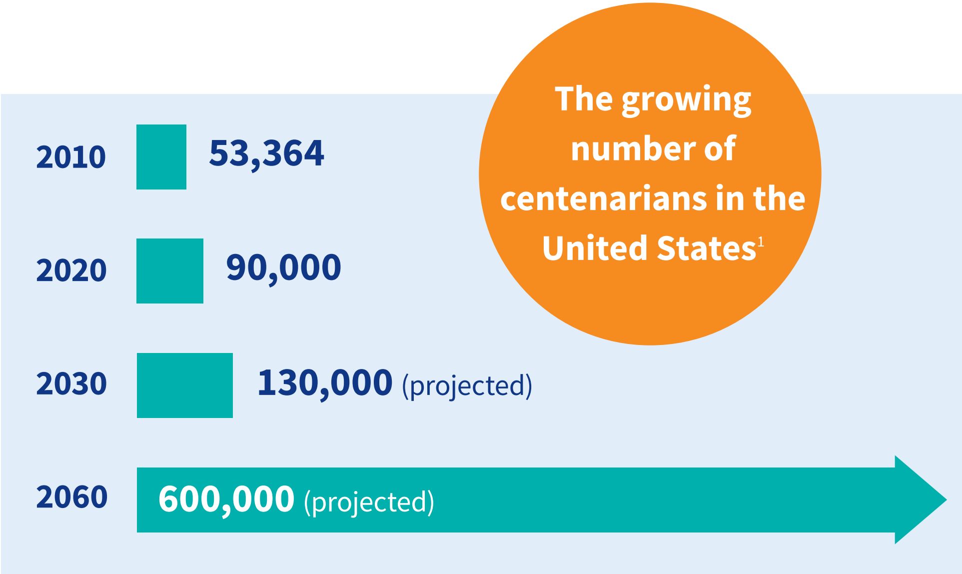
More wealth may equate to more years—regardless of your gender

Higher income Americans may need to plan for longer lifespans in retirement.

- The average longevity of women in the highest 10th percentile of income is more than 88 years; 86.4 years for men.
- The gender gap is more than 5 years in the lowest income categories but less than 2 years for highest-earning retirees.

Since both higher-income men and women live longer, the chance that one of them will still be alive at age 95 or even 100 is far higher than for other Americans.

Could you be a future member of the 100 club?



Embrace the new longevity

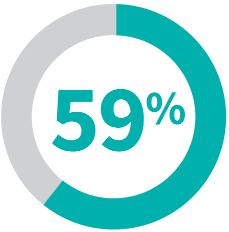
The number of people who have reached their 100th birthday—so-called "centenarians"—is growing rapidly.

What's more, an AIG survey revealed that:

- **53% of Americans say their goal is to live to age 100.**[2]

[1] Dudley L. Poston, Jr., "3 ways that the U.S. population will change over the next decade," PBS News Hour, pbs.org, January 2, 2020.
[2] AIG 2019 Plan for 100 Survey.

Increasing longevity introduces new challenges



of Americans surveyed say **they fear running out of money more than death**

Q: What is the greatest worry you have about living to 100?

35%	Serious health problems
27%	Being a burden on family
25%	Running out of money to live comfortably
6%	Being lonely
5%	Not having a purpose
3%	Having nothing left to leave my children/grandchildren

Will you outlive your money?

While increasing longevity is a reason to celebrate, it also introduces new challenges.

- 35% of Americans surveyed say that serious health problems worry them the most with respect to living to 100.

Being a burden on family and running out of money to live comfortably were also identified as top worries.

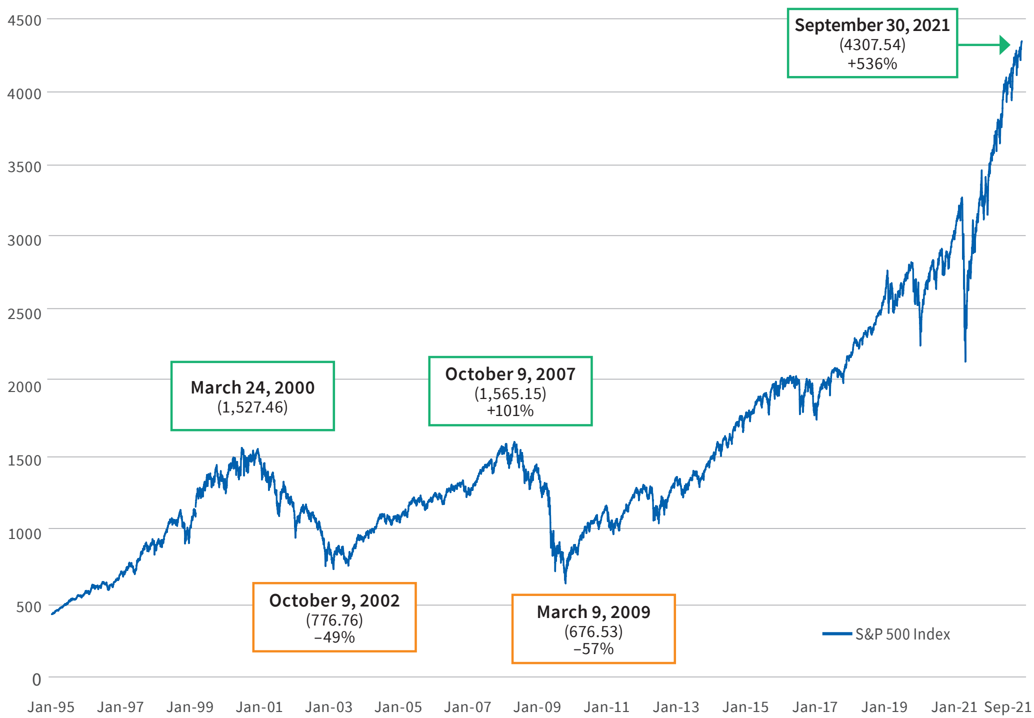
What are your top retirement worries?

Note: Response total exceeds 100% due to rounding.

Source: AIG 2019 Plan for 100 Survey.

A look back at the stock market

The stock market has a history of volatility



Preparing for the unexpected

When it comes to investing in the stock market, it's important to remember that while the long-term trend of the market has been positive, there have been periods of significant price declines, which can come at the wrong time if you are recently retired or nearing retirement.

Of course, past performance is not indicative of future results.

This illustration is based on historical S&P 500® Index Adjusted Daily Closing Prices for the period 1/3/95-9/30/21. Price return only. Does not include dividend reinvestment. The S&P 500® Index is one of the most commonly used benchmarks for the U.S. stock market. Indexes are unmanaged. You cannot invest directly in them. **Performance illustrated is not indicative of future results.**

Income Savvy® Insights

Behavior Matters

Retirement may be viewed as a series of three spending phases

The “Go-Go Years,” “Slow-Go Years” and “No-Go Years.” If you’re like many other Americans, your spending in most expense categories will generally decline throughout retirement.

Investing for long-term growth potential and diversifying your portfolio

These two key strategies may be important to consider when preparing for today’s longer retirements.

See pages that follow for additional information

You may need the most money early in retirement

The early years: "Go-Go Years"	The middle years: "Slow-Go Years"	The later years: "No-Go Years"
Income need: **HIGH**	Income need: **MODERATE**	Income need: **LOW**
Typically the most active: • Travel • Vacation home or home improvements • Grandchildren	**Typically slowing down:** • Less travel • Downsizing	**Typically the least active:** • Stay close to home • Not as much entertainment

The three phases of retirement

Typically, newly retired people spend more money than those who have been retired for a few years due to more travel, recreation, or care for elderly parents. But over the long term, living expenses—other than healthcare—tend to decline.

Retirees in the highest age brackets usually stop spending money on durable goods, are less likely to make home improvements and may spend less money on travel, entertainment or meals out.

Consider how your needs may evolve

Total annual expenditures by age

Annual Spending	Ages 65–74	Ages 75+	% Change 65–75+
Apparel & Services	$960	$617	-36%
Entertainment	2,723	1,682	-38%
Food & Alcohol	6,750	5,046	-25%
Healthcare	6,695	6,627	< -1%
Housing	18,492	15,937	-14%
Transportation	7,676	4,205	-45%
Miscellaneous & Other	5,360	5,360	—
Personal Insurance & Other	3,700	1,365	-63%
Total Expenditures	**$52,356**	**$40,839**	**-22%**

Spending generally declines over time

It's often assumed that expenses will remain the same throughout retirement—or possibly even rise due to inflation. However, research shows that expenditures generally decline throughout retirement.

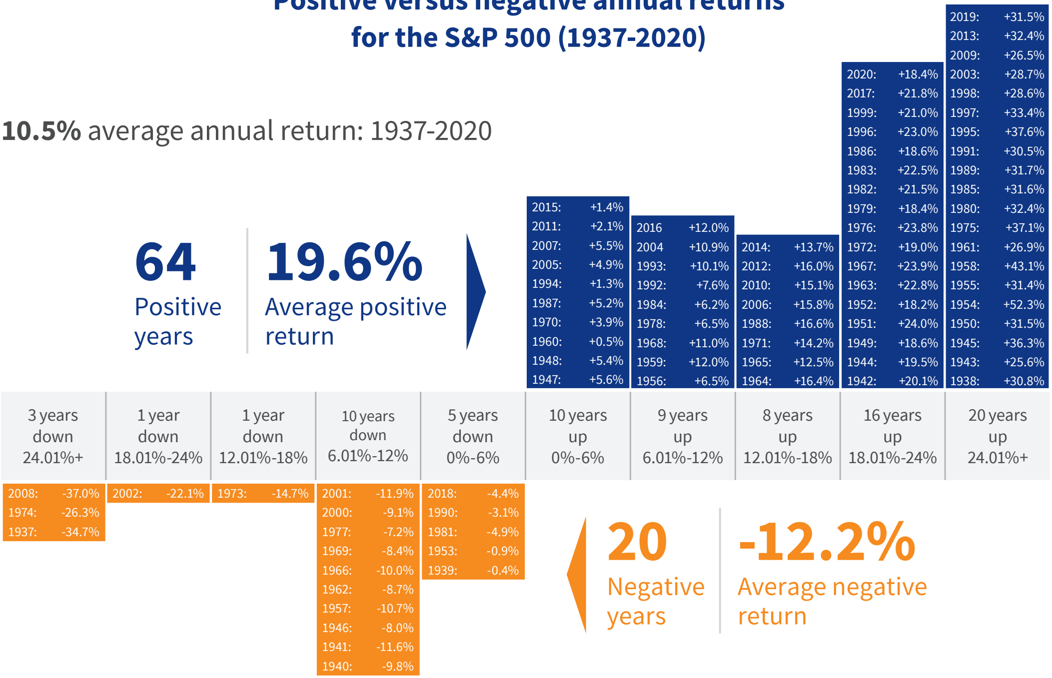
As you can see illustrated in this table, total expenditures for those age 75+ are 22% less than those age 65-74.

Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey, September 2021.

Invest for long-term growth potential

Consider how stocks have performed over time

Positive versus negative annual returns for the S&P 500 (1937-2020)



Source: Legg Mason, "The Rewards of Long-Term Investing," 2021.

Positive performance over time

Over an 84-year period examined, stocks generated gains in the majority of years. **The average returns for the S&P 500® were positive in 76% of the years from 1937 to 2020.**

Keep in mind, the stock market's returns vary tremendously as shown and past performance is not a guarantee of future results. An investment in stocks involves risk, including potential loss of principal.

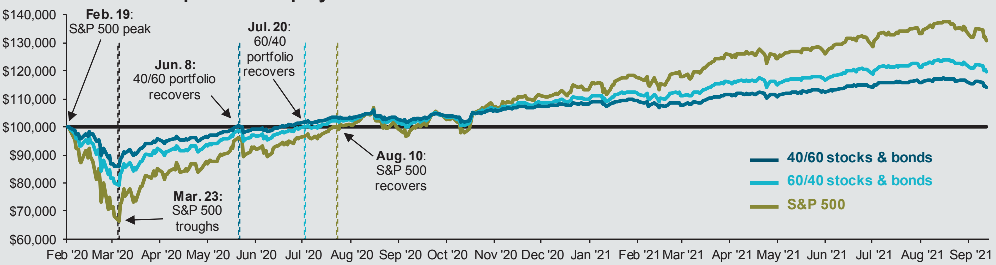
The importance of diversification and staying invested

Is your portfolio diversified?

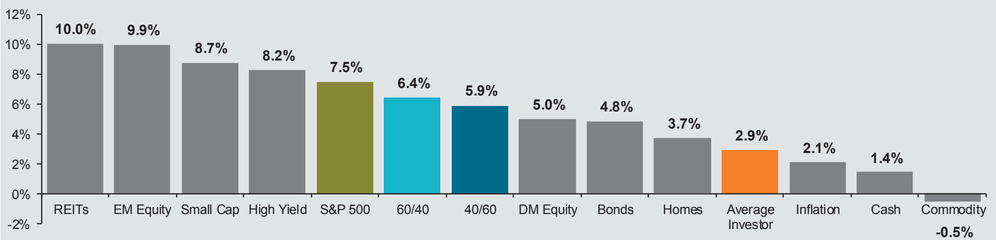
Diversification and the average investor

GTM – U.S. | 64

Portfolio returns: Equities vs. equity and fixed income blend



20-year annualized returns by asset class (2001 – 2020)



Source: Barclays, Bloomberg, FactSet, Standard & Poor's, J.P. Morgan Asset Management; (Bottom) Dalbar Inc, MSCI, NAREIT, Russell. Indices used are as follows: REITs: NAREIT Equity REIT Index, Small Cap: Russell 2000, EM Equity: MSCI EM, DM Equity: MSCI EAFE, Commodity: Bloomberg Commodity Index, High Yield: Bloomberg Barclays Global HY Index, Bonds: Bloomberg Barclays U.S. Aggregate Index, Homes: median sale price of existing single-family homes, Cash: Bloomberg Barclays 1-3m Treasury, Inflation: CPI. 60/40: A balanced portfolio with 60% invested in S&P 500 Index and 40% invested in high-quality U.S. fixed income, represented by the Bloomberg Barclays U.S. Aggregate Index. The portfolio is rebalanced annually. Average asset allocation investor return is based on an analysis by Dalbar Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior.
Guide to the Markets – U.S. Data are as of September 30, 2021.

64

Investing principles

It can pay to diversify

While stocks have offered strong growth potential and have historically provided an effective hedge against inflation over the long term, diversifying your investment among stocks and bonds may help offset short-term volatility and smooth out returns over time.

Of course, past performance is not a guarantee of future results. Diversification does not ensure a profit or protect against market loss. There is no assurance that a diversified portfolio will outperform a non-diversified portfolio.

Source: J.P. Morgan Asset Management. Guide to the Markets® - U.S., 4Q 2021, as of September 30, 2021 - page 64.

Generating reliable income

Low interest rates

When interest rates are low, it can be particularly challenging to generate enough income from fixed income investments.

Outdated rules?

You may not be able to count on traditional approaches for generating retirement income from your investment portfolio, such as the "4% Rule."*

Market performance

Market performance in the early years of retirement can impact how long your savings may last.

Potential solutions

An annuity is one potential solution for generating the additional guaranteed lifetime income you may want and need to help cover your expenses in retirement.

*The 4 Percent Rule is a long-held rule for withdrawing retirement income from an investment portfolio. Based on research pioneered by financial planner William Bengen in 1994, the rule suggested that one could safely take 4% inflation-adjusted withdrawals each year from an investment portfolio of stocks and bonds (50% stocks/50% bonds) without running out of money over a 30-year period.

See pages that follow for additional information

Looking for more yield in today's low interest rate environment?

A case of declining yields

	2007	2013	2021*
Money Market (3-month Treasury Bills) Yield[1]	3.37%	0.07%	0.04%
5-year CD Yield[2]	3.73%	0.74%	0.27%
U.S. 10-year Treasury Yield[1]	4.04%	3.04%	1.52%
U.S. 30-year Treasury Yield[1]	4.45%	3.96%	2.08%
U.S. Corporate Investment Grade Yield[3]	5.80%	3.35%	2.14%

Generating income in today's environment

Retirees have often turned to fixed income products to help generate the predictable retirement income they need.

Unfortunately, the yields on many fixed income products have declined sharply in recent years. This can make generating income from these types of products particularly challenging.

*As of 9/30/21, except for CD Yield data, which is as of 9/20/21.
Yields shown are as of 12/31, unless otherwise noted.
[1] U.S. Department of the Treasury, October 2021.
[2] Federal Deposit Insurance Corporation (FDIC), October 2021.
[3] FRED Economic Data - ICE BofAML US Corporate Master Effective Yield, October 2021.

The "4% Rule" has become the "2.39% Rule"

A look at sustainable withdrawal rates in today's environment

Sustainable withdrawal rates
from an investment portfolio as of April 2021

Investment Strategy	Conservative	Moderate	Aggressive
Inflation (CPI-U) Adjusted Spending (i.e. "the 4% Rule")	1.66%	**2.39%**	3.50%

Notes: The conservative strategy uses a 25% stock allocation and seeks a 95% chance that real wealth will not fall below 20% of its initial level by year 35 of retirement. The moderate strategy uses a 50% stock allocation and seeks a 90% chance that real wealth will not fall below 15% of its initial level by year 30 of retirement. The aggressive strategy uses a 75% stock allocation and seeks an 80% chance that real wealth will not fall below 10% of its initial level by year 25 of retirement. Analysis assumes that withdrawals are made at the start of each year, retirees earn the underlying indexed market returns, and market return simulations are based on capital market assumptions starting from interest rate levels in April 2021. Market assumptions defined at www.retirementresearcher.com/dashboard.

Withdrawal rates shown are for illustrative purposes only. These rates are not guaranteed and will vary with market conditions. They are not a recommendation and may not be appropriate for all individual circumstances.

*The 4 Percent Rule is a long-held rule for withdrawing retirement income from an investment portfolio. Based on research pioneered by financial planner William Bengen in 1994, the rule suggested that one could safely take 4% inflation-adjusted withdrawals each year from an investment portfolio of stocks and bonds (50% stocks/50% bonds) without running out of money over a 30-year period.

Source: Wade D. Pfau, Ph.D., CFA, www.retirementresearcher.com/dashboard, October 2021.

One longstanding "Rule" for generating income may no longer be viable

If you thought you could count on the "4% Rule*" for generating retirement income from your portfolio, you may have to think again. Research shows that in today's interest rate and market environment, you may only be able to withdraw 2.39%, adjusted for inflation, from a portfolio allocated 50% to stocks and 50% to bonds and have a high degree of confidence that your money will last over a 30-year retirement.

The "4% Rule"—then and now

What a difference a decade makes to one longstanding rule for generating income

2008

Probability of plan failure*

3%

2019

Probability of plan failure†

27%

What worked in the past...

Research from AllianceBernstein reveals that the failure rate of a 4% Rule approach has dramatically increased over the last decade.

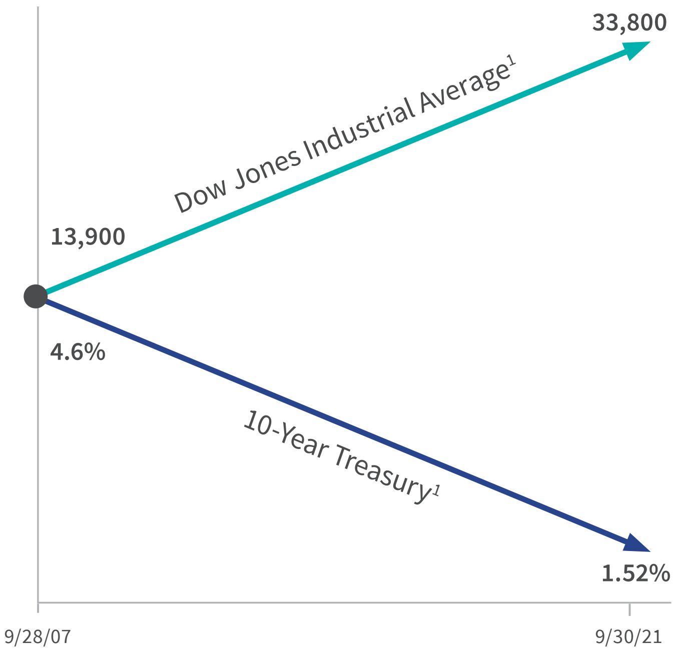
With a new decade upon us, it may be time for a different approach for generating sustainable lifetime income from your investments.

*Based on 55% Stocks/35% Bonds/10% REITs.
†Based on 60% Stocks/40% Bonds.

Data does not represent past performance and is not a promise of actual or range of future results.
An investor cannot invest in an index.

Source: AllianceBernstein. Studies based on a 4% withdrawal rate over 30 years, adjusted annually for inflation. Neither study accounted for the impact of taxes. Based on AllianceBernstein's estimates of the range of returns for the applicable capital markets over the next 30 years. Chances of plan failure refers to the percentage of the 10,000 probable scenarios tested where a portfolio (with specific allocations, time horizon and initial withdrawal rate adjusted annually for inflation) runs out of money too soon. If the probability of plan failure exceeds 10%, AllianceBernstein does not consider that plan to have a statistically sound threshold of reliability.

Today's pre-retirees and retirees face a number of key risks



Market Risk
The stock market can be volatile

Longevity Risk
59% of Americans surveyed fear running out of money more than death[2]

Interest Rate Risk
Where do interest rates go from here?

Preparing for the unknowns

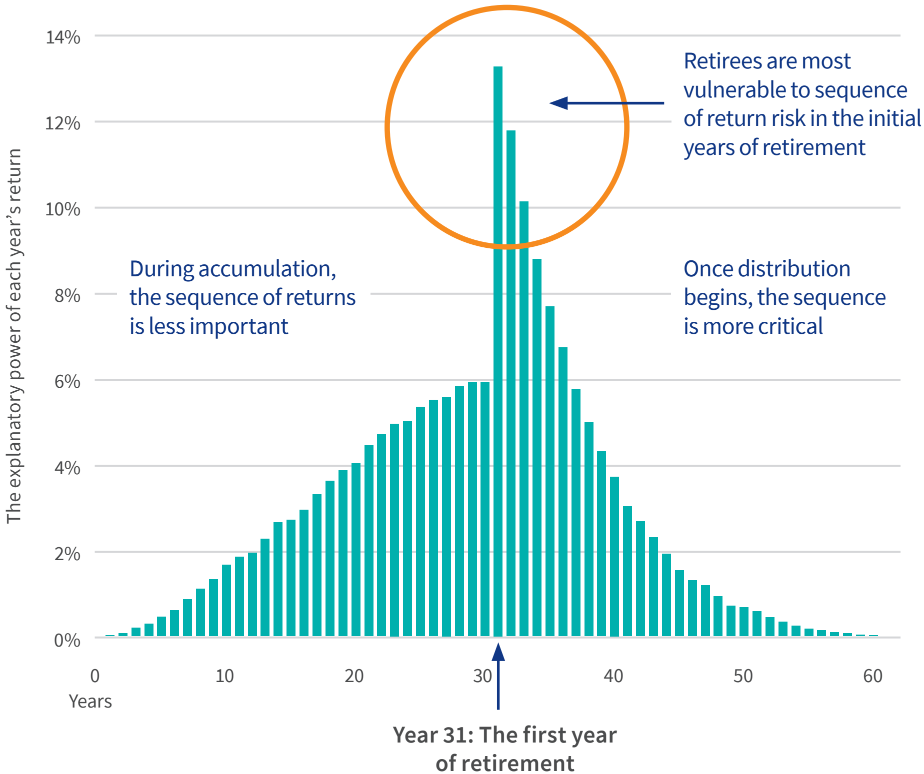
Those seeking to generate reliable income from their savings and investments face several key risks that need to be managed.

- Where is the stock market headed next?
- How long will your retirement last?
- Where can you go to generate more income in today's interest rate environment?

[1] Sources: Finance.yahoo.com and U.S. Department of the Treasury , October 2021. Figures shown have been rounded.
[2] Source: AIG Plan for 100 Survey, 2019.

Market performance can impact how long you savings may last

How will the sequence of returns impact your retirement?



Source: Wade D. Pfau, Ph.D., CFA, How Much Can I Spend in Retirement?, 2017.
Please see page 27 for additional details.

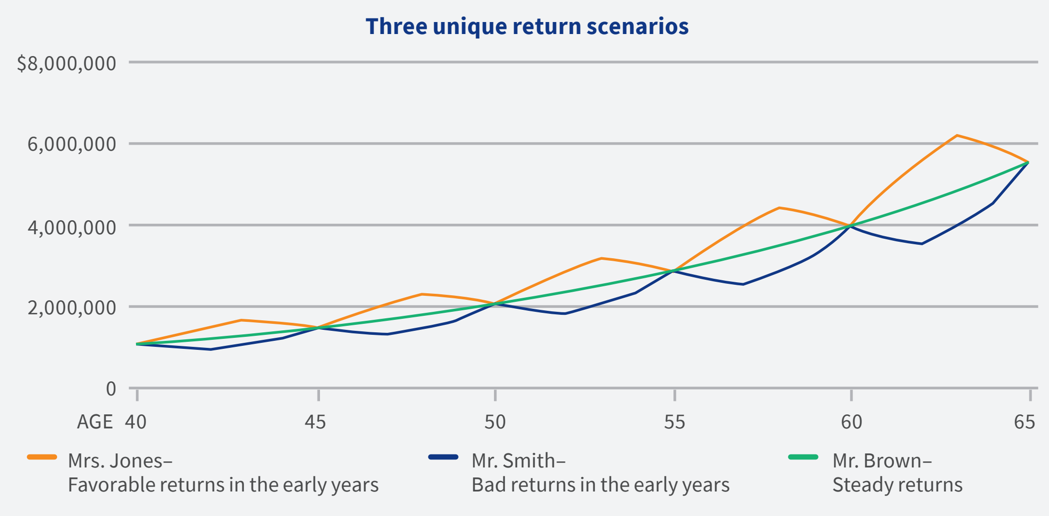
Returns in the early years can be disproportionately powerful

Sequence of returns risk refers to the order of positive and negative investment returns—and how such returns may impact your investment and its ability to generate income.

As shown here, the investment return in the first three years of retirement accounts for more than 35% of the ultimate success or failure of a retiree's withdrawal strategy. Sustainable withdrawal rates are disproportionately explained by what happens in the early part of retirement. A market downturn early in retirement can have lasting effects.

The sequence of returns has no impact on the final portfolio value when you are saving.

- Three investors made the same initial hypothetical investment of $1,000,000 at age 40 with no additions or withdrawals.
- All had an average return of 7% over 25 years. However, each experienced a different sequences of returns.
- **At age 65, all had the same portfolio value, although they had experienced different valuations along the way.**



Source: BlackRock. This graphic looks at the effect the sequence of returns can have on your portfolio value over a long period of time. Other factors that may affect the longevity of assets include the investment mix, taxes and expenses related to investing. This is a hypothetical illustration. This illustration assumes a hypothetical initial portfolio balance of $1,000,000 with no additions or withdrawals and the hypothetical sequence of returns noted in the table. These figures are for illustrative purposes only and do not represent any particular investment, nor do they reflect any investment fees, expenses or taxes. Each five-year sequence is repeated five times and has an average annual return of 7%. **Performance illustrated is not indicative of future results.**

Three unique return scenarios

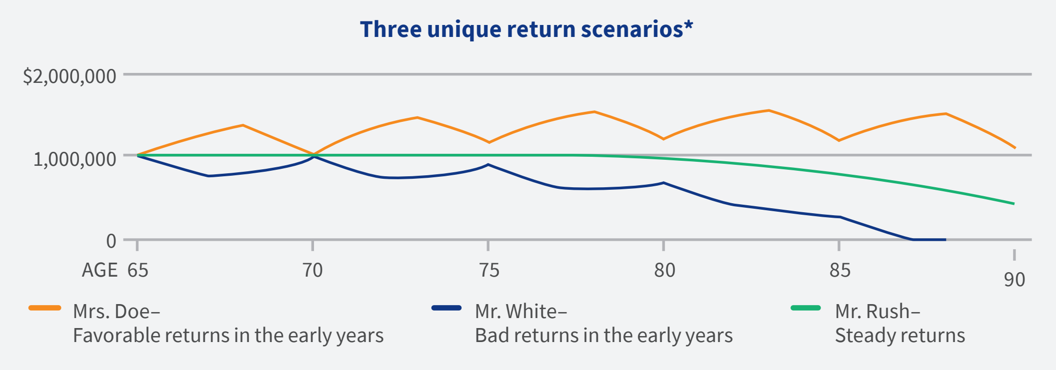
% Yearly Total Returns			
Age	Mrs. Jones	Mr. Smith	Mr. Brown
41	22	-7	7
42	15	-4	7
43	12	12	7
44	-4	15	7
45	-7	22	7
46	22	-7	7
47	15	-4	7
48	12	12	7
49	-4	15	7
50	-7	22	7
51	22	-7	7
52	15	-4	7
53	12	12	7
54	-4	15	7
55	-7	22	7
56	22	-7	7
57	15	-4	7
58	12	12	7
59	-4	15	7
60	-7	22	7
61	22	-7	7
62	15	-4	7
63	12	12	7
64	-4	15	7
65	-7	22	7
Avg. Return	7%	7%	7%
Ending Value	$5,434,372	$5,434,372	$5,434,372

Data courtesy of BlackRock, Inc.

Market performance–impact once withdrawals begin

The sequence of returns can have a critical impact on portfolio value when you are taking withdrawals.

- Three investors made the same initial hypothetical investment of $1,000,000 upon retirement at age 65.
- All had an average annual return of 7% over 25 years, which followed the same sequences as during the savings phase.
- All made withdrawals of $60,000, adjusted annually for inflation.
- **At age 90, all had different portfolio values due to annual withdrawals.**



Source: BlackRock. This graphic looks at the effect the sequence of returns can have on your portfolio value over a long period of time. Other factors that may affect the longevity of assets include the investment mix, taxes, expenses related to investing and the number of years of retirement funding (life expectancy). This is a hypothetical illustration. This illustration assumes a hypothetical initial portfolio balance of $1,000,000, annual withdrawals of $60,000 adjusted annually by 3% for inflation and the hypothetical sequence of returns noted in the table. These figures are for illustrative purposes only and do not represent any particular investment, nor do they reflect any investment fees, expenses or taxes. When you are withdrawing money from a portfolio, your results can be affected by the sequence of returns even when average return remains the same, due to the compounding effect on the annual account balances and annual withdrawals. **Performance illustrated is not indicative of future results.**

*These sequences of returns are identical to those on the prior page. Mr. White depleted his account at age 88. Had his portfolio not run out, he would have experienced returns of 15% and 22% at ages 89 and 90, respectively, thereby continuing the same sequence of returns.

Three unique return scenarios*

% Yearly Total Returns			
Age	Mrs. Doe	Mr. White	Mr. Rush
66	22	-7	7
67	15	-4	7
68	12	12	7
69	-4	15	7
70	-7	22	7
71	22	-7	7
72	15	-4	7
73	12	12	7
74	-4	15	7
75	-7	22	7
76	22	-7	7
77	15	-4	7
78	12	12	7
79	-4	15	7
80	-7	22	7
81	22	-7	7
82	15	-4	7
83	12	12	7
84	-4	15	7
85	-7	22	7
86	22	-7	7
87	15	-4	7
88	12	12	7
89	-4	-	7
90	-7	-	7
Ending Value	$1,099,831	$0	$430,323

Data courtesy of BlackRock, Inc.

Consider these probabilities as you think about your withdrawal strategy

35-year retirement

stock/bond mix

Initial withdrawal amount	20/80	40/60	60/40	80/20	100/0
3%	98%	99%	98%	96%	94%
4%	67%	78%	81%	81%	80%
5%	24%	44%	55%	60%	62%
6%	3%	16%	31%	41%	46%

Are you comfortable rolling the dice when it comes to your retirement income?

If your withdrawal rate is too high when generating income from a portfolio of assets, research shows that it lowers the probability of income lasting over a 35-year retirement.

As shown to the left, assuming a 4% withdrawal rate and a portfolio allocated 60% to stocks and 40% to bonds, there would be a 19% chance that your portfolio would fail to provide lasting income over a 35-year retirement.

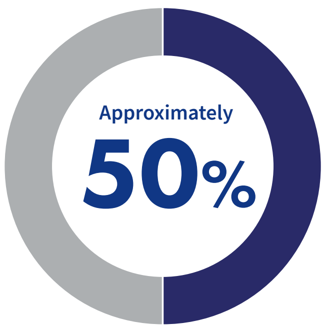
The hypothetical table shows the probability that your assets will last through a 35-year retirement, given certain withdrawal rates and stock/bond allocations.

Source: T. Rowe Price, 2020. Projections shown above assume the withdrawal in the first year is the stated percent of the original portfolio value. Each year thereafter, the amount withdrawn is adjusted upward 3% to account for inflation. **IMPORTANT: This illustration is hypothetical in nature, does not reflect actual investment results and is not a guarantee of future results. See page 27 for additional information.**

Shifting sources of retirement income

Today's retirees are responsible for funding a larger portion of their retirement income themselves

of all civilian workers participate in a defined–benefit pension, with a large portion of those workers employed in federal, state and local governments.[1]



of households are "at risk" of not having enough to maintain their standard of living in retirement.[2]

[1] Source: Alliance for Lifetime Income, "The Peak 65 Generation: Creating a New Retirement Security Framework," March 31, 2021, based on data from the Bureau of Labor Statistics.

[2] Source: Alliance for Lifetime Income, "The Peak 65 Generation: Creating a New Retirement Security Framework," March 31, 2021, based on research from the Center for Retirement Research at Boston College.

Today's wobbly two-legged stool of retirement income

In the past, retirees could typically rely on the "three-legged stool" of retirement income:

1) **Social Security**
2) **Personal savings & investments**
3) **A pension from their employer**

Unfortunately, for many, that three-legged stool has devolved into a wobbly two-legged stool of just Social Security and personal savings & investments, given the decline in the number of companies offering traditional defined-benefit pension plans.

Consider other ways to cover expenses in retirement

Amount of money needed to cover an income gap assuming different initial withdrawal rates

Your essential lifestyle income gap	Your initial withdrawal rate				
	3%	4%	5%	6%	7%
$10,000	$333,334	$250,000	$200,000	$166,667	$142,858
$20,000	$666,667	$500,000	$400,000	$333,334	$285,715
$30,000	$1,000,000	$750,000	$600,000	$500,000	$428,572
$40,000	$1,333,334	$1,000,000	$800,000	$666,667	$571,429
$50,000	$1,666,667	$1,250,000	$1,000,000	$833,334	$714,286

Essential Lifestyle Expenses are the needs of daily living and maintaining the lifestyle you desire, such as the cost of your home, food, clothing, transportation, and healthcare-related expenses. Of course, an annuity may also be used to generate income to help cover discretionary lifestyle expenses.

Annuity income protection features may be standard or optional. Additional fees, withdrawal parameters, age restrictions, and other limitations apply. With certain variable annuities, investment requirements may also apply. To realize the benefits of an income protection feature, you will need to take withdrawals within certain parameters. With certain variable annuity income protection features and income options, after lifetime income activation the amount available for lifetime income will be reduced if the contract value is completely depleted due to market volatility, deduction of fees and/or withdrawals taken within the feature's parameters. Depending on the performance of your annuity and your income needs, you may never need to rely on the protection provided by an income protection feature. Please see a product brochure or prospectus for complete details about the annuity you may be considering, including limitations and risks. **See page 27 and 28 for additional information about annuities.**

Looking for additional guaranteed lifetime income?

If you don't have enough income from guaranteed sources (such as Social Security or a pension) to cover your essential lifestyle expenses in retirement, you may want to consider purchasing an annuity.

You can use this table with the help of your financial professional to determine how much money you would need to allocate to an annuity to generate a specified amount of annual income.

Benefits of annuities for protected lifetime income

You can choose from different types of annuities

	Variable Annuities	Index Annuities	Fixed Annuities	Immediate Income Annuities	Deferred Income Annuities
Guaranteed lifetime income	✓*	✓*	✓*	✓**	✓**
Income with growth potential	✓	✓	✓	Increase options available	Increase options available
Access to principal	✓*** (withdrawal charges may apply)	✓*** (withdrawal charges and MVA may apply)	✓*** (withdrawal charges and MVA may apply)	No	No
Market participation	✓	No, but they provide potential for interest to be credited based in part on the performance of a specified index	No	No	No

* Available through the optional income benefit or annuitization (at no cost)
** Available through annuitization only.
*** If the contract is annuitized, you may no longer access your contract value.

See page 27 and 28 for additional information about annuities. Be sure to ask your financial professional for complete details about the annuity you may be considering, including limitations and risks. Products may not be available in all states or may vary by state. **Contract and benefit guarantees are backed by the claims-paying ability of the issuing insurer.**

Annuities offer a powerful combination of benefits

When it comes to securing reliable income in retirement, an annuity can offer you a number of key benefits, including protected lifetime income for as long as you—or you and your spouse live—depending on your choice of a Single Life or Joint Life income option.

Ask your financial professional if an annuity may be an appropriate solution for your retirement income needs.

- **"Market performance can impact how long your savings may last":** The chart shown attempts to illustrate more clearly how sequence of returns risk impacts both the accumulation and distribution phases. It is based on simple regressions which determine how much of the outcome (wealth accumulation or sustainable withdrawal rate) can be explained by the returns experienced in each year of the life cycle. The chart isolates the impact of each year's return on lifetime outcomes using a sample of 1,000,000 Monte Carlo simulations. For the first 30 years when individuals are saving, the percentage of the final wealth accumulation at the retirement date that can be explained by each annual investment return grows from year 1 through year 30. With wealth accumulations so low in the early part of one's career, the early returns have very little impact on the absolute level of wealth accumulated at the end of the savings period. But as retirement approaches, a given percentage return produces an increasing impact on the final wealth value in absolute terms, leaving individuals particularly vulnerable to these later returns. As for years 31-60, the individual has entered the distribution or retirement phase, and the chart shows the impact of each year's return on the maximum sustainable withdrawal rate experienced by retirees. The return in year 31 represents the first year of retirement, and the result in this first year explains more than 13 percent of the final outcome for retirees. Past performance is not a guarantee of future results. Stocks are subject to risk, including stock market fluctuation. Keep in mind, you cannot invest directly in an index; indexes are unmanaged.
- **"Will you outlive your retirement income?":** The hypothetical table is based on Monte Carlo Analysis and assumes a 35-year retirement. The initial withdrawal amount is increased 3% annually for inflation. Monte Carlo Analysis is hypothetical in nature, does not reflect actual investment results, and is not a guarantee of future results. It is based on a number of assumptions. There can be no assurance that the results shown will be achieved or sustained. Results may vary, and such results may be better or worse than the simulated scenario. Underlying long-term expected annual returns for the asset classes are not based on historical returns. Rather, they represent assumptions that take into account, among other things, historical returns. They also include T. Rowe Price estimates for reinvested dividends and capital gains. These assumptions, as well as an assumed degree of fluctuation of returns around these long-term rates, are used to generate random monthly returns for each asset class over specified time periods. The monthly returns are then used to generate thousands of scenarios, representing a spectrum of possible return outcomes for the modeled asset classes. Success rates are based on these scenarios.
- **"Generating income from your savings and investments"/"Benefits of annuities for guaranteed lifetime income":**
  - **Annuities:** Annuities are long-term products designed for retirement. In the growth stage, they can help you build assets on a tax-deferred basis. In the income stage, they can provide you with guaranteed income through standard or optional features. You can annuitize your contract and receive lifetime income payments for no additional cost if you choose a lifetime annuity option or you may choose an optional income protection benefit. Certain variable annuities, index annuities and fixed annuities offer income protection benefits, which are subject to additional fees, age restrictions, withdrawal parameters and other limitations. With variable annuities, these types of benefits are optional and investment requirements also apply. Early withdrawals may be subject to withdrawal charges and a Market Value Adjustment (MVA) may also apply to certain index annuities and fixed annuities. Partial withdrawals may reduce benefits available under the contract, as well as the amount available upon a full surrender. Withdrawals of taxable amounts are subject to ordinary income tax and, if taken prior to age 59½, an additional 10% federal tax may apply. Keep in mind, for retirement accounts (such as IRAs), an annuity provides no additional tax-deferred benefit beyond that provided by the retirement account itself.
  - **Variable annuities:** Variable annuities offer professional money management, along with insurance features (such as a guaranteed death benefit and annuity income options) that you pay for through what is called a separate account fee. Variable annuities are subject to additional fees, including a contract maintenance fee, expenses related to the operation of the variable portfolios, and the costs associated with any optional features, if elected. Early withdrawal charges may apply. Partial withdrawals may reduce benefits available under the contract as well as the amount available upon a full surrender. An investment in a variable annuity is subject to risk, including the possible loss of principal. The contract, when redeemed, may be worth more or less than the total amount invested.

- **Index annuities:** Index annuities are not a direct investment in the stock market. They are long-term insurance products with guarantees backed by the claims-paying ability of the issuing insurance company. They provide the potential for interest to be credited based in part on the performance of the specified index, without the risk of loss of premium due to market downturns or fluctuations. Index annuities may not be suitable for all individuals.
- **Fixed annuities:** Fixed annuities offer a rate of return guaranteed by the insurance company. Although not all fixed annuities offer income protection benefits, most offer a range of income options through annuitization, including the opportunity for guaranteed lifetime income.
- **Immediate annuities and deferred income annuities:** These types of annuities offer a range of income options, including the opportunity for guaranteed lifetime income. These types of annuities permanently convert principal into a guaranteed income stream.

Variable annuities are sold by prospectus only. The prospectus contains the investment objectives, risks, fees, charges, expenses and other information regarding the contract and underlying funds, which should be considered carefully before investing. Please contact your insurance and securities licensed financial professional or call 1-800-445-7862 to obtain a prospectus. Please read the prospectus carefully before investing.

All contract and optional benefit guarantees, including annuity rates, are backed by the claims-paying ability of the issuing insurance company. They are not backed by the broker/dealer from which this annuity is purchased.

This material is general in nature, was developed for educational use only, and is not intended to provide financial, legal, fiduciary, accounting or tax advice, nor is it intended to make any recommendations. Applicable laws and regulations are complex and subject to change. Please consult with your financial professional regarding your situation. For legal, accounting or tax advice consult the appropriate professional.

The purchase of an annuity is not required for, and is not a term of, the provision of any banking service or activity.

Annuity contracts issued by **American General Life Insurance Company** (AGL), Houston, TX except in New York, where issued by **The United States Life Insurance Company in the City of New York** (US Life). Certain annuities are issued by **The Variable Annuity Life Insurance Company** (VALIC), Houston, TX except in NY. **Variable annuities are distributed by AIG Capital Services, Inc.** (ACS), member FINRA, 21650 Oxnard Street, Suite 750, Woodland Hills, CA 91367-4997, 1-800-445-7862. Issuing companies AGL, US Life and VALIC are responsible for financial obligations of insurance products. AGL does not solicit, issue or deliver policies or contracts in the state of New York. Products and services may not be available in all states and product features may vary by state. Please refer to the contract. AIG Life & Retirement consists of four operating segments: Individual Retirement, Group Retirement, Life Insurance and Institutional Markets. It includes the following major U.S. life insurance companies: American General Life Insurance Company; The Variable Annuity Life Insurance Company; and The United States Life Insurance Company in the City of New York.

All companies are members of American International Group, Inc. (AIG).

Not FDIC or NCUA/NCUSIF Insured
May Lose Value • No Bank or Credit Union Guarantee Not a Deposit • Not Insured by any Federal Government Agency

We see the future in you.℠

AIG Life & Retirement