

# Plan Your Retirement

## *How Much Does It Cost to Save for Retirement?*

Plan

Grow

Reap

This paycheck comparison shows that by saving a little for retirement it may not affect your paycheck as much as you think.

Let's look at three employees. Amy wants to save \$100 per pay period for her retirement with post-tax money. Chris decides that he wants to contribute \$100 per pay period on a pre-tax basis. Susan knows how saving \$100 per pay period on a post-tax basis affects her paycheck, but wants to see how much more she could save on a pre-tax basis. The effect on their take-home pay may surprise you.

### Tax-Deferred Savings Plan Paycheck Comparison

	Amy	Chris	Susan
Gross pay for one pay period	<b>\$2,000.00</b>	<b>\$2,000.00</b>	<b>\$2,000.00</b>
Pre-tax contributions Voluntary retirement plan contributions	0.00	<b>100.00</b>	<b>138.00</b>
Standard tax deductions <i>(based on gross pay minus pre-tax contributions)</i>	560.00	532.00	521.36
Post-tax reductions Association fees Post-tax retirement contributions	36.00 <b>100.00</b>	36.00 0.00	36.00 0.00
Take-home pay	<b>\$1,304.00</b>	<b>\$1,322.00</b>	<b>\$1,304.64</b>
Reduction or addition in paycheck with pre-tax savings	—	<b>+ \$ 28.00</b>	<b>+ \$ 0.64</b>
<b>Contributions to retirement:</b>	<b>\$100</b>	<b>\$100</b>	<b>\$138</b>

*Example is hypothetical and for illustrative purposes only. Keep in mind that taxes and other contributions may vary based on where you live, and that this is just an example. Also remember that when Chris and Susan retire, they will have to pay taxes on the money that they save on a pre-tax basis, because the taxes have been deferred. However, by being able to contribute that money without currently paying taxes, their money can compound and potentially grow more than if they have saved on an after-tax basis.*

As you can see, Susan is the winner in this scenario. She has nearly the same take-home pay as Amy, but can contribute **\$38 more per pay period** to her retirement. Over the life of her career, this could make a big difference in the amount she has when she retires.

*When considering a variable annuity, you should consider the contract's and underlying portfolios' investment objectives, risks, charges and expenses carefully before investing. Call (800)789.6771 or visit [www.GAFRI.com](http://www.GAFRI.com) to obtain a free prospectus containing this and other information to read carefully before investing.*

*\* Withdrawals are subject to income tax, and if made prior to age 59½, may be subject to a 10% federal tax penalty. Other restrictions may apply under tax law and/or the provisions of an employer plan.*

*Annuities issued by Annuity Investors Life Insurance Company<sup>®</sup>, Cincinnati, OH. Tax deferral in a qualified plan is provided by the plan and an annuity offers no additional tax deferral.*

*Variable annuities are long-term investment vehicles. Investments in variable portfolios are subject to market risks so upon withdrawal, the value may be more or less than the amount of the original purchase payments.*

*Principal Underwriter/Distributor: Great American Advisors<sup>®</sup>, Inc., member FINRA and a subsidiary of Great American Financial Resources<sup>®</sup>, 301 E Fourth Street, Cincinnati, Ohio 45202.*

*This information is not intended or written to be used as legal or tax advice. It was written solely to support the sale of annuity products. As a taxpayer, you cannot use it for the purpose of avoiding penalties that may be imposed under the tax laws. You should seek advice on legal or tax questions based on your particular circumstances from an independent attorney or tax advisor.*

B1810112NW



1/13