



**403(b)
Annuities
Make Your Plan[®]**

AMERICAN FIDELITY 
a different opinion [®]

Make Your Plan®

The most important key to a comfortable retirement is planning. Planning for your financial future can help ensure you will be able to meet all of your retirement needs. And the earlier you start, the better off you may be. A 403(b) tax-deferred annuity is one way to a well-planned retirement.

- **Save Money Now** By contributing monthly through payroll deductions, contributions will be deducted before tax from your paycheck. A simple form is all you need to complete in order to participate.
- **Get Paid Later** When you receive your money at retirement, you may be in a lower tax bracket, allowing you to pay less in tax on your monthly distribution. Your funds are distributed back to you as supplemental income to your Social Security and State Retirement Plan. A 403(b) Plan does not affect your monthly benefits from other retirement plans or Social Security.
- **Control Your Future** With a 403(b) Plan, you have options! You may stop contributions or change the amount of your deferral as allowed by your employer.

What is a 403(b) Plan?

The Internal Revenue Code section 403(b) allows you to defer a portion of your taxable income for retirement purposes. It is specifically for the faculty and employees of universities, colleges, public school systems, churches, and certain non-profit organizations.

An American Fidelity annuity may be selected to fund your 403(b) Plan. An annuity offers you many options upon retirement, such as a guaranteed lifetime income. This is a special advantage of an annuity when compared to other methods of saving. The funds accumulated in the Plan can be used at retirement to provide monthly annuity payments, which you cannot outlive.

It's important to begin planning and taking advantage of the various investment options available to you. You are in control of your financial future, and taking the proper steps now can help ensure a comfortable retirement.

What is the tax benefit for me?

Contributions to the Plan are deferred for federal and, in most cases, state income tax purposes. As a member of the educational community, you have a great opportunity to save money with pre-tax dollars since "after tax" plans do not offer the same tax advantage.

How does the tax benefit work?

Under a salary reduction agreement with your employer, your pay will be reduced by the amount you elect for your 403(b) account.

Your salary is reduced by your contribution amount and you pay federal income tax only on the remaining portion.

What is the contribution limit?

The maximum annual employee contribution is set by the IRS. Your American Fidelity account manager can assist you in calculating your maximum annual contribution amount.

How do I access my money?

Your retirement account is for long-term savings goals, not to be used to fund your lifestyle today. It is a place to put your money away until retirement. However, the funds may be withdrawn under the following conditions:

- **Attainment of age 59½**
- **Your death or disability**
- **Separation from service**
- **Severe financial hardship**

Withdrawals due to hardship, if allowed under the Plan rules, will be limited to your contributions only. Unpaid medical or education expenses, purchase of a home or amount needed to prevent foreclosure or eviction of principle residence, death of an immediate family member, and qualified tax deductible repairs to the participant's primary residence may qualify you for a hardship withdrawal. Because of the lost tax advantages and the penalty tax, you would want to avoid withdrawals if at all possible.

If you do withdraw money before age 59½, a 10% federal tax penalty will be incurred in most situations.

Can I borrow on my account?

If the Plan allows for loans, and depending on the 403(b) vehicle you choose, there may be a loan provision available. Many of American Fidelity's annuity products do offer loan opportunities.

What happens to my money after I enroll?

Your money is contributed into an annuity that you choose. 403(b) Plans offer a variety of choices, including fixed and variable annuities. You choose the annuity you feel is most appropriate for you!

How do I choose the right option for my money?

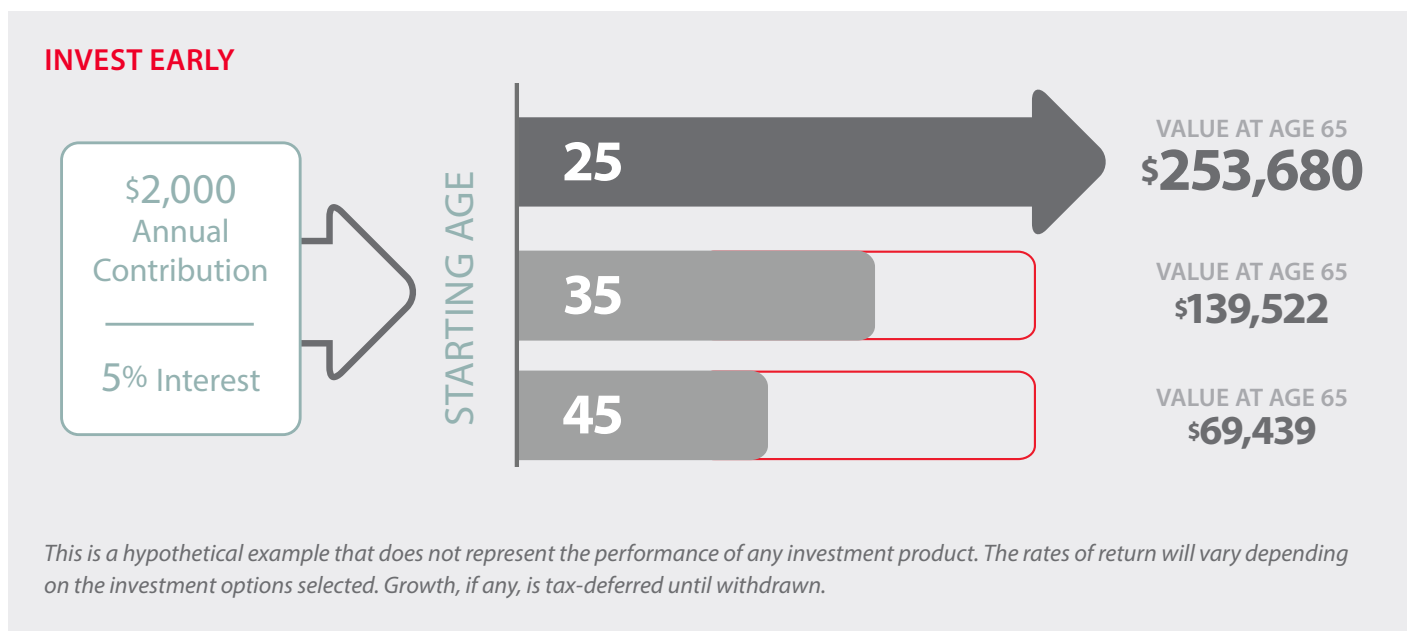
Your American Fidelity account manager can explain the options available for you. Each person must choose based on his or her age, personal and family needs, and risk tolerance.

What are my options at retirement?

- **Option A – Lump Sum**
Receive your money in a lump sum. You may realize a greater tax advantage, though, if you elect a periodic payment option.
- **Option B – Life Only**
Receive monthly payments for life. You cannot outlive these payments. They terminate only at your death no matter how long you live.
- **Option C – Life With 10 Years Certain**
Receive a life annuity payable to you or your named beneficiary with 120 months certain. This option provides you with monthly payments for as long as you live. If, at your death, payments have been made for fewer than 120 months, you have the assurance that payments will be continued to your beneficiary for the remainder of the 120 months.
- **Option D – Period Certain**
Receive payments for a Period Certain (an agreed upon amount of time). Other options may be available. American Fidelity, for example, will work with you to set up the payment plan that best meets your retirement needs.

The Cost of Waiting

When it comes to investing, time is important. There is no one right investment option for everyone except to start. This illustration describes just how much it can cost you if you wait.



See Your Plan Through

It's important to begin planning and taking advantage of the various investment options available to you. You're in control of your financial future, and taking the proper steps now will help ensure a comfortable retirement.

- Maximize your contributions to voluntary retirement plans, such as 403(b) and 457(b) Plans.
- Participate in other types of savings accounts that provide tax-deferred or tax-free growth.
- Try your hardest not to take early distributions that can reduce accumulations and compounding.
- Meet with your American Fidelity account manager annually to discuss your savings goals and increase your contributions.

Let Us Help

Regardless of the path you choose, American Fidelity can assist you in understanding your options and executing your plan. With a variety of options in both fixed and variable annuities, experienced account managers, and year-round service support, we are prepared.

Contact American Fidelity for more information to help you Make Your Plan® and fund your future.

For Illinois Applicants: We will treat a party to a civil union and a spouse in a marriage equally in our policies that are governed by your state. We will include a party to a civil union in any definition or use of the terms "spouse," "family," "immediate family," "dependent," "next of kin," and any other terms descriptive of spousal relationships in our policies. Any policies providing coverage for children will extend eligibility for coverage to children of civil unions. Civil unions, legal unions between two people of the same sex, marriages, and domestic partnerships that are validly formed in other states and are substantially similar to your state's civil unions. DN88R. 0916



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