



Fixed Annuities

Questions & Answers



Start Early

The best time to start your annuity is now. The power of compounding tax-deferred interest over long time periods can be substantial. With a 4% interest rate, a premium of \$10,000 can grow to more than \$32,000 in 30 years!

The Power of Tax Deferral

Your money in an annuity will grow on a tax-deferred basis. This means that while your premium is earning interest, you will not pay federal or state income taxes until you take distributions from the annuity. Therefore, your money has the potential to grow and compound more rapidly than in a taxable plan, such as a CD.

This hypothetical example is to demonstrate the power of tax deferral only. It assumes a \$10,000 premium (after tax) and is based on a projected interest rate of 4% and a 27% tax rate. Actual rates may be higher or lower at issue. Rates shown should not be considered a representation of current or future performance.

After-tax values of the tax-deferred annuity at year 30 would be \$26,377, assuming full distribution in the 27% tax bracket and no surrender charges or IRS penalty tax. State income taxes also may apply.

Note: Minimum guaranteed interest rate is at least 1.5%.

		\$32,434 Year 30
		\$21,911 Year 20
		\$14,802 Year 10
		\$10,400 Year 1
\$23,713 Year 30		
\$17,783 Year 20		
\$13,335 Year 10		
\$10,292 Year 1		
Taxable Plan		Tax-Deferred Annuity

Annuities

What are they?

How do they work?

How can they help you?

These are all good

questions. That's

why we've created

this brochure— to

answer your questions

about the features and

benefits of annuities.



What is an Annuity?

An annuity is a financial product offered by an insurance company. Your annuity accumulates interest, and when you need it, provides a regular stream of income. Plus, tax deferral helps your annuity grow faster than a taxable product.

Power of Tax Deferral

When you purchase an annuity, the interest you earn during the accumulation phase accumulates tax deferred. Tax deferral helps you in two ways:

- Tax deferral means you don't pay taxes on the growth of your annuity until you withdraw your money, so your annuity grows faster than a taxable financial product. Because you don't pay immediate taxes on your earnings, they are available to earn more interest. Your premium(s) earn interest. Your interest earns interest, and the money you would have paid in taxes earns interest.

In contrast, the interest you earn on a taxable product is taxed as it is earned. If you're in the 27% tax bracket, more than one-fourth of the interest you earn goes to federal income taxes every year. Federal law requires that withdrawals be taken first from interest earnings. All distributions from IRAs and other qualified annuities may be taxable.

- When you annuitize your contract and begin receiving a series of income payments, you may be in a lower tax bracket and your income may be subject to less tax. Current tax law defines part of each annuity income payment as return of your principal. The company uses specific methods to calculate the amount excluded from taxation. The difference between the total annuity payment and the excludable amount is subject to federal and, if applicable, state income taxation. This partial exclusion from income taxation continues until your principal is recovered. All income payments from IRAs and other qualified annuities may be taxable. Please remember, IRAs and other qualified plans are already tax deferred. Other features of an annuity besides tax deferral, should be considered when the annuity is used for an IRA or other qualified plan.



Guaranteed Retirement Income

Annuities offer another important advantage — guaranteed retirement income. When you retire or want to draw an income from your annuity, you need the flexibility to develop a plan to meet your income needs. With an annuity, you get income for the time period you select. You can choose to receive income for a certain number of years or for the rest of your life. You can choose to receive only your interest, a combination of your interest and your original premium, or even get your retirement income in one lump sum. You choose the income and time frame that's right for you!

Competitive Interest Rates

In addition to the many valuable advantages already mentioned, our annuities earn a competitive interest rate. The current competitive interest rate is guaranteed for an initial period determined by the contract. After the initial guarantee period, a new interest rate will be declared and will be guaranteed for a new period. Regardless of market conditions, the company guarantees a minimum interest rate that assures you growth.

Other Benefits of Annuities

- Simple Application
- No Underwriting
- No Annual Fees
- Free Withdrawal Provisions
- Nursing Home Waiver
(most contracts, most states)
- May Avoid Probate

Financial Strength

The financial integrity of an insurance company is essential when it comes to making sure your annuity will help meet your retirement needs. At ING USA Annuity and Life Insurance Company, this is a responsibility we take seriously. We maintain a conservative, high-quality investment portfolio that meets carefully designed investment policy, credit analysis, and diversification requirements.

For More Information

Questions about this brochure should be directed to your sales representative.

Annuities may not be available in all states. Certain provisions may vary or may not be available. State premium taxes may reduce the final value of your annuity. Read your contract for details.

Neither the company nor its agents can give tax or legal advice. Consult an attorney or tax advisor.

IRAs/qualified plans are already tax deferred. Consider other annuity features.

Withdrawals may be subject to federal income tax and, if taken prior to age 59 ½, a 10% federal penalty tax.

Annuities are not FDIC insured.

Contracts issued by ING USA Annuity and Life Insurance Company.

909 Locust Street
Des Moines, Iowa 50309-2899

