This is an example of accumulation values of a tax-deferred annuity account vs. a taxable accumulation account with an initial after-tax premium/deposit of $100,000.

	Deferred Annuity Balance with 5% Growth[1]	Taxable Account Balance with 3.5% Growth[1]
10 Years	$ 162,889	$ 141,060
15 Years	$ 207,893	$ 167,535
20 years	$ 265,330	$ 198,979
25 Years	$ 338,635	$ 236,324
30 Years	$ 432,194	$ 280,679
@ 30 years, net cash at surren der in 30% tax bracket:	$332,536	$280,679[2]
@ 30 years, annual withdrawal of 5% per year net 30% tax bracket:[3]	$ 15,127[4]	$9,824[5]
@ 30 years annuitization; Straight-Life Fixed, Age 65 Male; Gross Monthly Income: [6]	$ 3,124[7]	$2,029[8]
@ 30 years annuitization; Straight-Life Fixed; Age 65 Male; Net Monthly Income after 30% tax bracket: [9]	$1,808	$1,771

Footnotes:

1. Assume the growth rate of both accounts is net of any expenses. Assume the taxable account earnings are taxed on average at 30% per year, thus a net 3.5% return vs. a 5% return.
2. The portfolio is assumed to be invested in debt instruments, such as Certificates of Deposit, U.S. Treasuries, etc.
3. Assume that all withdrawals would be fully taxed. Non-annuitized withdrawals from deferred annuity; taxable account assumes earns 5% gross payment.
4. $432,194 x .05 x .70 = $ 15,127.
5. $280,679 x .05 x .70 = $9,824.
6. Immediate annuity rate from Vanguard website 7/16/07. Payments to begin 9/1/07, based on policies issued by AIG Life Insurance Company.
7. 4.32194 X $722.78 (monthly annuity rate per $100,000) = $3,124.
8. 2.80679 X $722.78 (monthly annuity rate per $100,000) = $2,029.
9. Immediate annuity payouts assuming 20-year life expectancy and 30% income tax bracket. After 20 years, the entire annuity income would be taxable. The annuity income paid from the deferred annuity balance of $432,194 has a 17.33% exclusion ratio with a tax basis of $100,000. The taxable account has an 82.36% exclusion ratio with a tax basis of $280,679.

Results can vary significantly with different growth rate and income tax bracket assumptions.