

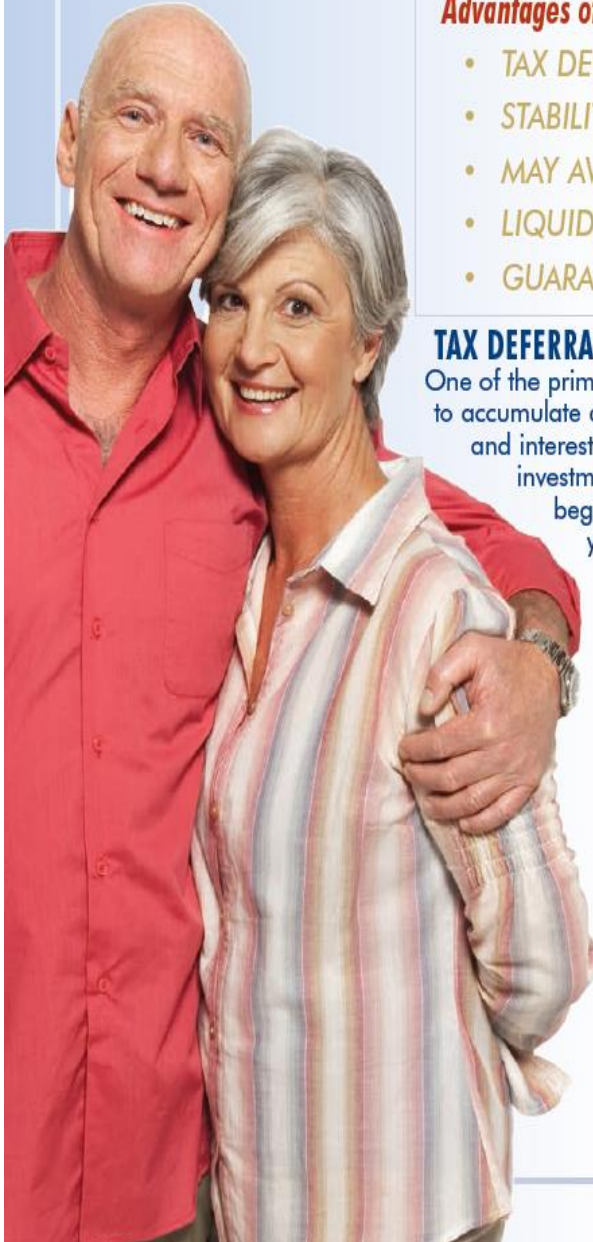


TAX-DEFERRED

The Power of a
TAX-DEFERRED
Annuity

WHAT IS A TAX-DEFERRED ANNUITY?

A tax-deferred annuity is a contract between you and the insurance company with guaranteed interest and guaranteed annuity income options.



Advantages of Tax-Deferred Annuities

- TAX DEFERRAL
- STABILITY
- MAY AVOID PROBATE
- LIQUIDITY FEATURES
- GUARANTEED INCOME

TAX DEFERRAL

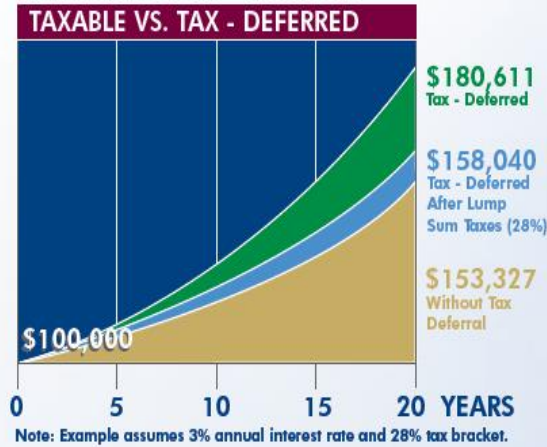
One of the primary advantages of deferred annuities is the opportunity to accumulate a substantial sum of money by allowing your premium and interest to grow tax-deferred. Unlike non tax-deferred investments, you pay no taxes on your annuity interest until you begin to take withdrawals or receive income. This allows your money to grow faster than in a taxable account, because you earn interest on the money that would have otherwise been paid in taxes. If the earned interest is distributed for the tax-deferred column, the result is identical to the currently taxed column.

Currently Taxed vs. Tax Deferred

	Currently Taxed	Tax-Deferred
Current Balance	\$100,000	\$100,000
Interest Rate	3%	3%
Interest Earned	\$3,000	\$3,000
Tax Bracket	28%	28%
Tax Payable	\$840	\$0*
After Tax Interest	\$2,160	\$3,000
After Tax Yield	2.16%	3%

*Assuming no withdrawals.

The following chart illustrates how much more your money grows over a 20-year period with a tax-deferred annuity compared to an account that is currently taxed.



This hypothetical example is for illustrative purposes only.

STABILITY

Your tax-deferred annuity is stable at American Equity. State insurance department laws require that we establish and maintain reserves equal to the cash surrender value of your annuity contract at all times. In addition, state laws require we maintain minimum amounts of capital and surplus for further contract owner protection.

MAY AVOID PROBATE

In the case of premature death, your beneficiaries have the accumulated funds within your annuity available to them and may avoid the expense, delay and publicity of probate. Your named beneficiaries can choose to receive the proceeds as monthly income or a lump sum payment.

LIQUIDITY

American Equity provides you with opportunities to withdraw funds at any time (subject to applicable surrender charges). Most contracts allow some form of penalty-free withdrawals after the first contract anniversary. American Equity also has available certain riders which increase liquidity in the event of confinement to a nursing home, or if diagnosed with a terminal illness. Please see our Annuity Riders Brochure (#1001) for additional details.

GUARANTEED INCOME

American Equity can provide you with a guaranteed income with a tax-deferred annuity. You have the ability to choose from several different income options, including payments for a specified number of years or income for life, no matter how long you live. With non-qualified plans, a portion of each income payment represents return of premium which is not taxed, thereby reducing your tax liability from your income payments.



Financial RATING



American Equity's commitment to sound business principles has been recognized by

A.M. Best, a nationally recognized industry rating authority. A.M. Best's rating of "A-" (Excellent) for American Equity is a measure of performance in the areas of:

- **Investment Quality**
- **Policy Reserves**
- **Capital Adequacy**
- **Cost Control**
- **Management Experience**

A.M. Best uses 15 rating categories ranging from A++ to F. An A- rating from AM Best is its fourth highest rating. For the latest rating, access www.ambest.com.

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