

Managing Taxes with the Fixed Period Annuity Option

Higher After-tax Income Earlier in Retirement

Typical withdrawals from an annuity come first from an annuity's gains, which are fully taxed, and then from an annuity's cost basis (after-tax dollars used to purchase the annuity contract), which is not taxed. This means an annuity owner typically incurs a large initial tax burden that decreases over time. With the EliteDesigns Fixed Period Annuity Option, your payment is comprised of a portion of your cost basis (non-taxable) and a portion of the annuity's gains (taxable).¹ This spreads out the income tax on your annuity payments over a period of time.²

Keep in mind that this option may not be appropriate for every person or provide beneficial tax treatment in every situation. On this page, we show a hypothetical example of what a first year's after-tax payment could be with and without the Fixed Period Annuity Option.

EliteDesigns Fixed Period Annuity Option Features	
✓	Distribute taxes on gains over time instead of up front so you can receive more after-tax income in earlier years of retirement
✓	Choose to receive payments for a fixed number of years between 5 and 30
✓	Each payment is calculated by dividing your then-current Contract Value by the remaining number of payments
✓	Take additional withdrawals as needed (withdrawal amounts beyond your scheduled payments are fully taxable)
✓	Maintain full online trading access to investments while receiving payments
✓	Preserve access to your Contract Value while receiving payments
✓	Preserve your option to convert into a Life Payout Option
✓	Preserve your option to redeem your contract for its then-current Contract Value

Hypothetical Fixed Period Annuity Option Assumptions	
Cost Basis (tax-free: after-tax dollars used to purchase the contract)	\$250,000
Gain (taxable: earnings from the underlying investments in the contract)	\$200,000
Contract Value	\$450,000
Fixed Period	20 Years
Year One Annual Annuity Payment (\$450,000 ÷ 20 years)	\$22,500
Federal Income Tax Rate	32%

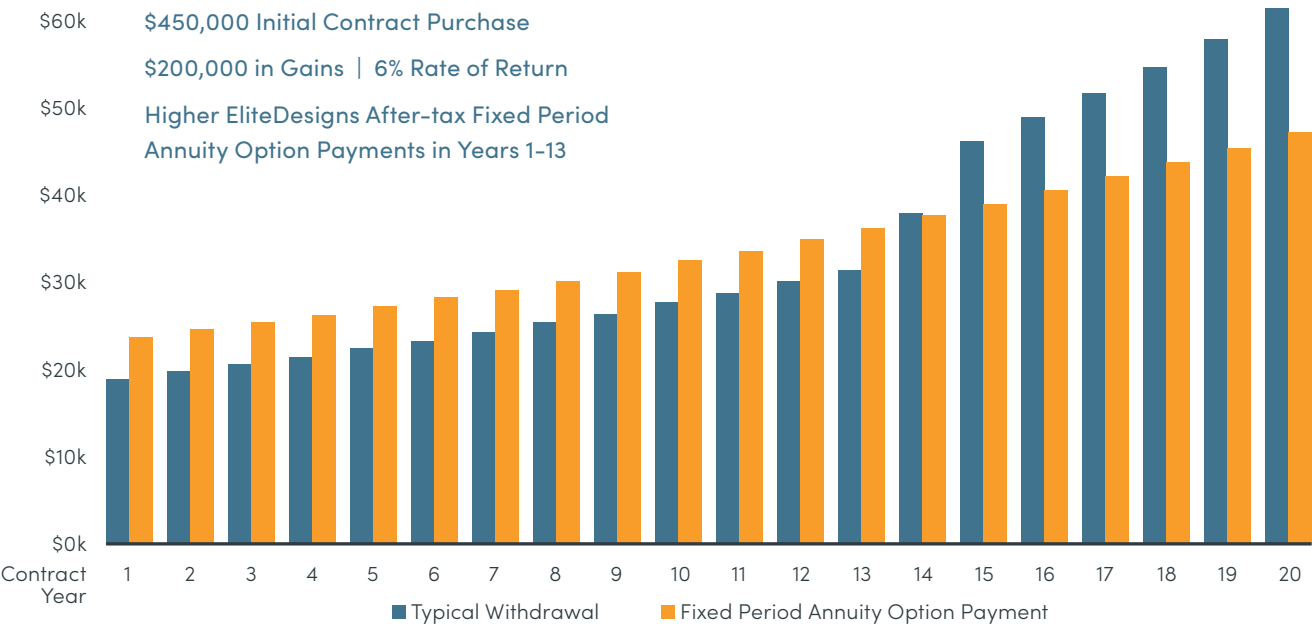
Year 1 Annual Payment \$22,500	Typical Withdrawal		Fixed Period Annuity Option Payment		After-Tax Amount Calculation		
	Tax: \$7,200		Tax: \$3,200				
	\$15,300		\$19,300				
	After-tax Income		After-tax Income				
					Fixed Period Annuity Option Payment		
					Typical Withdrawal		
					Taxable Portion		
					\$22,500		
					\$10,000 ³		
					Tax Rate		
					x 32%		
					x 32%		
					Annual Income Tax		
					= \$7,200		
					= \$3,200		
					Annual Income		
					\$22,500		
					\$22,500		
					- Annual Income Tax		
					-\$7,200		
					-\$3,200		
					After-tax Amount		
					= \$15,300		
					= \$19,300		

¹ A combination of adverse investment performance, additional withdrawals and contract fees may reduce the payout amount. This option is not available in New York. Keep in mind this is one of a number of annuity options available under the EliteDesigns Variable Annuity. You should discuss with your financial professional which annuity option may be best for your financial situation.

² This example does not discuss all tax consequences applicable to receipt of payments under the EliteDesigns Variable Annuity. Please consult your own tax advisor regarding your personal situation and the applicable tax consequences of purchasing, owning, and receiving payments under the EliteDesigns Fixed Period Annuity Option.

³ The excludable (non-taxable) amount is determined by dividing the cost basis of \$250,000 by the fixed period of 20 years, which equals \$12,500. This excludable amount is subtracted from the total payment amount before the tax rate is applied. The payment of \$22,500, reduced by \$12,500 equals \$10,000, the amount to which the 32% tax rate is applied. This example does not reflect any state income taxes and assumes withdrawals begin after age 59 ½.

In the example below, we take the same assumptions from our previous example and extend them over a fixed period of 20 years. Because the Contract Value has the potential for growth (a hypothetical 6% rate of return is shown), each year's payment may also increase based on your Contract Value and the time remaining in your payment period. In this case, the EliteDesigns Fixed Period Annuity Option after-tax payment would be higher than the typical after-tax withdrawal for the first 13 years, and cumulatively, nearly \$46,000 higher for the first 15 years.



The chart above assumes a 32% federal income tax rate and a hypothetical investment scenario with a 6% gross rate of return (4.42% net of an EliteDesigns fee of 0.20%; an administration charge of 0.25%; and an average fund expense of 1.13%). This example does not take into account any state income taxes. The example assumes withdrawals are taken after age 59½. With a 0% return, at time of the first payment, the Contract Value would be equal to \$427,500. After the 10th payment, the Contract Value would be equal to \$194,954. This example is hypothetical and does not project performance. This example demonstrates how the performance of the underlying funds may affect Contract Values. The actual tax impact of annuity payments will be based upon: (1) the increase or decrease in your Contract Value based on the performance of the underlying funds selected by you; (2) your actual Contract Value when payments start; (3) the actual cost basis in your annuity as of the date payments start; (4) the actual federal tax rate applicable to you in the year any payment is received and your applicable state and local taxes, if applicable; and (5) the actual tax laws and regulations applicable at the time you receive payments.

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You should carefully consider the investment objectives, risks, and charges and expenses of the variable annuity and its underlying investment options before investing. You may obtain a prospectus for the variable annuity and prospectuses or summary prospectuses (if available) for the underlying investment options by calling 800.888.2461. You should read the prospectuses carefully before investing. Investing in variable annuities involves risk and there is no guarantee of investment results.

The EliteDesigns Fixed Period Annuity Option is intended to lessen your initial tax burden by spreading out the gains in your annuity over time so you are only taxed on a portion of your gains each year.

Use our calculator to see if this option could benefit you at SecurityBenefit.com/EliteDesigns.

Cumulative After-tax Payments		
	Typical Withdrawal	EliteDesigns Fixed Period Annuity Option Payment
After 5 Years	\$83,576	\$103,576
After 10 Years	\$187,347	\$227,347
After 15 Years	\$330,197	\$376,188
After 20 Years	\$556,156	\$556,156

Annuities are long-term investments suitable for retirement investing. The investment return and principal value of an investment in the EliteDesigns Variable Annuity will fluctuate and you may have a gain or loss at redemption.

Guarantees provided by annuities are subject to the financial strength of the issuing insurance company. Annuities are not FDIC or NCUA/NCUSIF insured; are not obligations or deposits of, and are not guaranteed or underwritten by any bank, savings and loan or credit union or its affiliates; are unrelated to and not a condition of the provision or term of any banking service or activity. See the prospectus for complete product details.

The EliteDesigns Variable Annuity (form V6209) is a flexible premium deferred variable annuity issued by Security Benefit Life Insurance Company (SBL). Securities are distributed by **Security Distributors**, a subsidiary of SBL, and SBL is a subsidiary of Security Benefit Corporation (Security Benefit).