

American Pathway<sup>®</sup>

# Deferred Income Annuity



**A single-premium deferred  
income fixed annuity**

Annuities issued by  
American General Life Insurance Company (AGL)

Through our American Pathway series of annuities, we offer protection of your savings and predictable retirement income payments. We are committed to helping protect the financial security of you and your family.

All guarantees are backed by the claims-paying ability of the issuing insurance company.

Not a deposit | Not insured by any federal government agency  
May lose value | No bank or credit union guarantee  
Not FDIC/NCUA/NCUSIF insured

## Retire the uncertainty

Would you like to know your future retirement income amount today?

The American Pathway Deferred Income Annuity is a financial product that can provide a guaranteed income stream for as long as you live.<sup>1</sup> This annuity can help ease your uncertainty over the quality of your future retirement and answer such questions as ...

- How much will my retirement assets be worth when I retire, and how much income could they generate?
- How will financial markets impact my future retirement income?
- Is there a chance I could run out of retirement income?

The American Pathway Deferred Income Annuity addresses all of these questions. You can retire the uncertainty, and put certainty into your future.



## What is a deferred income annuity?

When you purchase a deferred income annuity, you are essentially purchasing a specific income stream for your future. Payments from a deferred income annuity begin more than 12 months after the purchase date. It is possible for the annuity purchaser to defer payments for decades.

### Select all options at time of purchase

The options you choose when you purchase the annuity determine the amount of your future income payments. These options include ...

- Payment start date
- Payment type and frequency
- Death benefit
- Increase option

Remember, a deferred income annuity permanently converts your premium to a guaranteed income stream in the future.

# Key features of the American Pathway Deferred Income Annuity

The American Pathway Deferred Income Annuity allows you to set aside a single premium (payment) today so you can receive a fixed predictable guaranteed amount in the future.

## Your single premium:

- Can potentially provide more income than other methods and products
- Is protected from market fluctuations
- Provides payout options that allow you to tailor your future payments to fit your circumstances

## More customizing options:

- Four automatic payment increase options from which to choose
- Designate your contract to be a Qualified Longevity Annuity Contract (QLAC) to help reduce required minimum distributions (RMDs)
- The entire income payment, or a partial amount, can be directed to an alternate party, such as a charity, institution, family member or other individual
  - The contract owner is still responsible for the income tax on distributions to an alternate payee

## Choice of options helps determine your payment amount

The amount of your single premium has the most significant impact on your future payments.

Other options you choose at the time of annuity purchase also affect payment amounts. Some of these options are ...

- How long you defer payments — The longer you defer taking payments, the higher the payments your single premium will produce
- Whether you choose an automatic increase option
- Whether you choose a guaranteed death benefit
- Your payout option (some options have a much higher payment than others)

### Premium amount

The minimum premium accepted for the American Pathway Deferred Income Annuity is \$20,000 or any lesser amount as stated in the application; the maximum premium accepted is \$1,000,000 without prior home-office approval.<sup>2</sup> Naturally, paying a larger premium will mean that you will receive a larger (or higher) future income payment. When you designate your annuity to be classified as a QLAC, remember that the maximum premium is limited to the lesser of \$125,000 (lifetime) or 25% of your aggregated IRA account values as of the prior December 31 st, less previous IRA QLAC premium.

# Decisions affecting the amount of your payments

## Deferred payment

The American Pathway Deferred Income Annuity allows deferring payments for more than 12 months or up to 40 years in the future.

## Date of first payment

You must choose your date of first payment when you purchase the annuity with the following guidelines:

- Distributions of qualified and IRA funds must begin by age 70½.
- Distributions of nonqualified and Roth IRA funds must begin by age 91.
- Distributions of QLAC funds must begin by the first day of the month following the annuitant's 85th birthday.

A professional tax advisor should be consulted.

## Payment increase options

These options, whether inflation adjusted or automatic, allow you to receive an increase in your income payments.

## Consumer Price Index

This option provides an annual cost-of-living (inflation) adjustment to your payment after the income start date. Your income payments are adjusted annually and can increase or decrease along with the non-seasonally adjusted Consumer Price Index (CPI-U) published by the U.S. Bureau of Labor Statistics. On the upside, there is no cap on the increase percentage. On the downside, rest assured you will never receive less than your initial income payment.



### Automatic increase percentages

When you select this option, you can choose an annual increase of 1% to 5% to your income payment from the following choices ...

- Flat dollar increase
- Simple percentage increase
- Compounded percentage increase

The initial income payment for increasing contracts will be lower than for contracts without an increasing income payment.

### Income payment options

You can choose from an array of payment options that are available for single life, joint and survivor, joint and contingent, and period certain. Each payment option has a different effect on your future income payments.

- **Lifetime income only**<sup>3</sup> – Receive regular income payments for your lifetime, ending at your death.
- **Lifetime income with period certain** – Receive regular income payments for your lifetime. Should you die before the period certain ends, your beneficiary would receive the remaining benefit payments.



- **Lifetime income with cash refund<sup>3</sup> or installment refund** – Receive regular income payments for your lifetime. Should you die before an amount equal to your premium is paid out, your beneficiary would receive either a cash refund or periodic payments until the premium amount is paid out.
- **Period certain only** – Receive income payments for a set number of years and months (no lifetime guarantee), determined when you purchase the annuity.

## Flexible income payout features

### Income start date adjustment option

If your retirement plans change, you may have the flexibility to make a one-time change to the first payment date you chose when you purchased the contract. This feature allows you to accelerate or defer your first payment date up to five years before or up to five years after the original income start date.<sup>4</sup>

Keep in mind that if you change your first payment date, this change will be irrevocable. In addition, your annuity payment amount will be adjusted based on the Moody's Seasoned Baa Corporate Bond Yield rates, Annuity 2000 Mortality Tables and an interest rate adjustment. Accelerating your income start date generally will decrease the annuity payment amounts, while deferring your income start date generally will increase the annuity payment amounts.

AGL must receive your written request no later than 60 days prior to the original income start date. In addition:

- This feature is not available with any life only payout option for single or joint life contracts.
- No changes can be made after annuity payments have begun or a death benefit has been paid.
- The new income start date must comply with the minimum and maximum delay periods permitted by the contract.
- Only the income start date can be changed; other elections you made at the time of purchase, such as premium amount, pre-commencement death benefit, income payment type, increase option and payment frequency, cannot be changed.

### Advance payment option<sup>5</sup>

If you are receiving annuity income payments on a monthly basis, you can request to receive a lump-sum payment equal to the value of the next six months' worth of payments. Your regularly scheduled payments will resume after six months. You may exercise this feature if you are age 59½ or older and the contract is a nonqualified plan or Roth IRA. This valuable feature may be elected twice during the life of the annuity contract.

### Guaranteed death benefit

When you purchase your annuity, you may select an optional guaranteed death benefit that will be paid to your beneficiary should you die prior to receiving your first payment. Your death benefit options are as follows ...

- A death benefit that equals the amount of your premium

- A death benefit that equals the amount of your premium plus compounded interest<sup>6</sup> (Not available with QLAC contracts)
- No death benefit<sup>7</sup>

For a given premium payment, income will be lower if a death benefit is selected. Should you die after your first payment, any remaining annuity benefit will be paid in accordance with the payment option selected.

### Who can purchase an American Pathway Deferred Income Annuity?

This annuity is available to individuals age 90 and younger. However, if your annuity is in a tax-qualified plan, like an IRA, you must be younger than 70 years of age. If your annuity is designated as a QLAC, you may not be older than age 83.

### Does retiring with “certain” income appeal to you?

If you like the idea of locking in a specific future income stream, the American Pathway Deferred Income Annuity could be a useful part of your retirement income plans.

If such specific income targeting appeals to you, consider the American Pathway Deferred Income Annuity in your retirement planning.

Contact your financial professional to discuss how the American Pathway Deferred Income Annuity can retire the uncertainty for you!

- <sup>1</sup> You can choose an option that provides guaranteed lifetime payments. In exchange for higher payments, a deferred-income annuity permanently converts principal to a guaranteed income stream.
- <sup>2</sup> By company practice, which is subject to change.
- <sup>3</sup> QLAC purchases are limited to lifetime income only or lifetime income with cash refund options.
- <sup>4</sup> Product may not be available in all states and features may vary.
- <sup>5</sup> The company expects to report the full amount of the accelerated payment as fully taxable for the year of the payment, and recalculate the exclusion ratio for the remaining payments. This may limit or alter the policyowner's ability to fully recapture the investment in the contract over the annuity payment period. The company makes no representations and provides no advice as to the ultimate tax treatment of any annuity distribution transaction, and you may wish to consult with a tax advisor prior to exercising a withdrawal feature under an immediate annuity.
- <sup>6</sup> For eligible contracts, the interest rate may vary from state to state. Please refer to the contract for actual governing contractual provisions.
- <sup>7</sup> Only available with lifetime income only payment options.

Tax-qualified contracts such as IRAs, 401(k)s, etc., are tax deferred regardless of whether or not they are funded with an annuity. If you are considering funding a tax-qualified retirement plan with an annuity, you should know that an annuity does not provide any additional tax-deferred treatment of earnings beyond the treatment by the tax-qualified retirement plan itself. However, annuities do provide other features and benefits such as income options.

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Annuities issued by American General Life Insurance Company (AGL).

Guarantees are backed by the claims-paying ability of American General Life Insurance Company.

Issuing company AGL is responsible for financial obligations of insurance products and is a member of American International Group, Inc. (AIG).

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