WHY TAX DEFERRED IS PREFERRED

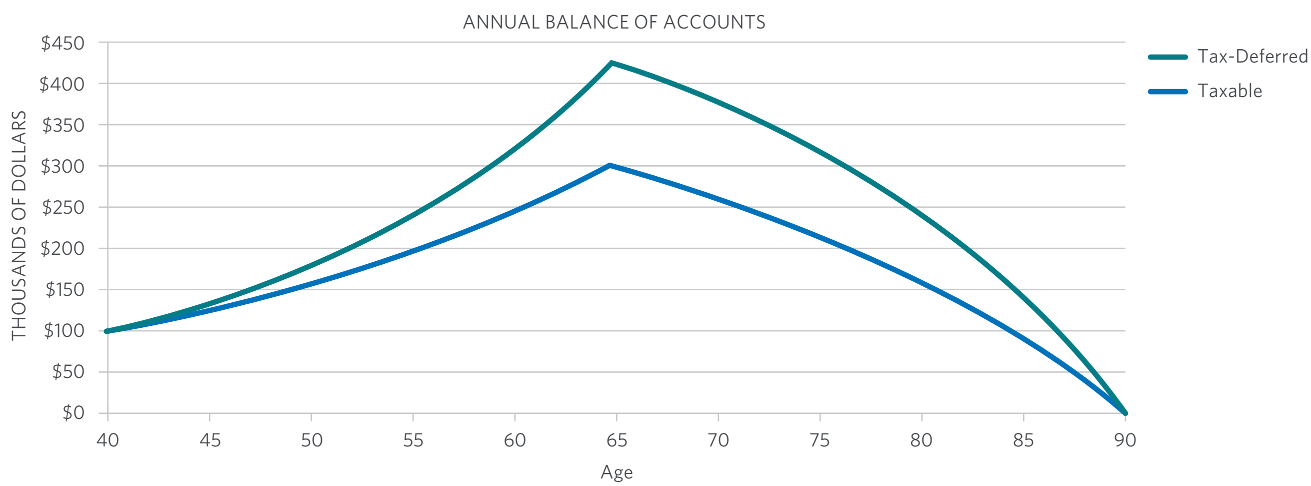
TAKE CONTROL OF THE TAXES YOU PAY AND STAY IN THE DRIVER'S SEAT

If you're investing for retirement but not considering how to manage tax liability, you may be missing a crucial component of a well-rounded strategy. One way to manage tax liability is to use a tax-deferred investment vehicle, like an annuity.

The power of tax deferral is that it gives your investments the potential to grow faster and larger, meaning you'll have the possibility to accumulate even more assets as you prepare for the future. That's because you're not taking out money to pay taxes along the way.

Tax deferral enhances the power of compounding growth when an investment is not slowed or interrupted by taxes. Let's take a closer look. The graph below compares two hypothetical accounts: one tax-deferred and the other taxable. Both accounts have a 25-year accumulation phase, with no distributions, followed by a 25-year distribution phase. Some numbers really jump out. The tax-deferred account grows to $429,187.06 while the taxable account reaches only $304,887.27. Once distribution begins, the tax-deferred account enjoys annual after tax distributions of $26,187.64 for a total of $654,690.99 distributed, Conversely, the taxable account distributes $20,943.95 annually for a total of $523,598.57. That's $131,092.42 more from the tax-deferred account!

TAX DEFERRAL CAN HELP YOUR SAVINGS GROW FASTER



This chart is hypothetical and for illustrative purposes only. The hypothetical rates of return shown in this chart are not guaranteed and should not be viewed as indicative of the past or future performance of any particular investment.

Tax deferral offers no additional value if an annuity is used to fund a qualified plan, such as a 401(k) or IRA. This example assumes a single, hypothetical contribution of non-qualified $100,000, a 6% annual return and a 24% tax rate during the contribution period and a 22% tax rate during the withdrawal period. The actual tax results of any distribution will depend on an individual's personal tax circumstances. This hypothetical example illustrates tax deferral and does not represent the past or future performance of any particular product. This example does not assume subsequent investment or withdrawals and also does not include mortality and expense charges, sales charges, and administrative fees typically associated with variable annuities; inclusion of these items would lower the performance shown.

Lower maximum tax rates on capital gains and dividends would make the investment return for the taxable investment more favorable, thereby reducing the difference in performance between the accounts shown. Changes in tax rates and tax treatment earnings may impact the comparison shown. Investors should consider their individual investment time horizon and income tax brackets, both current and anticipated, when making an investment decision, as these further impact the results of the comparison.

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DETAILS OF DEFERRAL

Since you're a long-term investor, you'll most likely need to rebalance your account on an ongoing basis to make sure you have the right investments for your risk appetite and goals. That's one way you could incur taxes. When you sell an investment, or move money from one investment to another within some taxable accounts, you're taxed on any realized capital gains. Other investments inside a taxable account may not be taxed this way.

With a tax-deferred vehicle, you're taxed on gains when you begin withdrawals later in life, after the money has had a chance to grow. Withdrawals made before age 59½ may also be subject to a 10% federal tax penalty. That means you can stay on the road to retirement without costly stops along the way.

As the cost of healthcare rises and retirement lasts longer, it's important to make your money stretch as far as you can. Tax deferral is one way you could potentially grow more assets to cover expenses later in life — like travel, everyday living, and even healthcare.

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Before investing, consider a variable annuity's investment objectives, risks, charges, and expenses. Go to transamerica.com for prospectuses containing this and other information. Please read carefully.

Variable annuities are long-term, tax-deferred vehicles designed for retirement purposes and are subject to investment risk, including possible loss of principal.

Withdrawals of taxable amounts are subject to ordinary income tax and may be subject to a 10% additional federal tax if withdrawn before age 59½.

All guarantees, including optional benefits, are based on the claims-paying ability of the issuing insurance company.

Variable annuity fees and charges include mortality and expense risk fee and administrative charge, surrender charges, annual fee, and investment option management fee. Additional fees may apply to optional benefits selected, including death and living benefits.

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