

Your SIMPLE IRA

Is less really more?

It depends on how you look at it. Less money for your retirement will be more—more stress, more headaches and more worries. Wouldn't you prefer to plan ahead and enjoy retirement more?

According to a 2019 U.S. government report, Social Security payments currently cover just 40% of the income you'll need for retirement—and probably less in the future. You'll have to come up with the other 60%, through either an employer-sponsored pension program, personal savings or both.

Lucky for you, your employer wants to help you invest in your future and is offering you an easy way to do that with a Savings Incentive Match Plan for Employees (SIMPLE IRA) from one of the member companies of Great American Insurance Group® (Annuity Investors Life Insurance Company® and Great American Life Insurance Company®).

You could spend up to one third of your life in retirement. How will you spend it?

Contributing can be easy

Have you ever noticed that despite all your good intentions, sometimes there's just not enough left to contribute to your retirement at the end of the month? A SIMPLE IRA makes it easy to pay yourself first! You just authorize a percentage to be deducted from your pay before taxes, which also lowers your current federal income taxes. The IRS limit for annual contributions is \$13,500 for 2020. If you are 50 or older, you may make an additional \$3,000 catch-up contribution. On top of your contributions, federal law requires your employer to make a contribution to your plan each year in one of two ways:

- **3% Matching contribution:** Your contributions are matched dollar-for-dollar up to 3% of your total compensation. Say you earn \$20,000 a year and put \$800 (4%) into your SIMPLE IRA. The company would put in an additional \$600, which is 100% of your contributions up to 3% of your compensation. The company may reduce the matching contribution to no less than 1% in any two out of five years, ending with the current year.

- **2% of Compensation contribution:** Your employer would contribute 2% to you and all other eligible employees who have earned at least \$5,000 for the year regardless of whether or not they are contributing any of their own money.

All contributions to your SIMPLE IRA (your and your employer's) are vested, which means they're yours, even if you leave your current employer.

How do I know what to contribute?

Experts say you'll probably need about 80% of your current income during your retirement. However, if you want to do a lot of traveling or have other big dreams for retirement, you may need more.

It can be overwhelming to figure out how much to contribute to keep up with inflation and have enough to enjoy your retirement. Take a few minutes to fill out the Retirement Planning Estimator to get a better idea of how much you might need to contribute.

Where does my money go?

You'll control the growth of your SIMPLE IRA by choosing an annuity that matches your risk tolerance and investment goals. We offer the following types of annuity products for SIMPLE IRA:

- Fixed annuities, which offer guaranteed minimum interest rates;
- Fixed-indexed annuities, which tie the interest rate you earn to the performance of a stock index; and
- Variable annuities, which offer diverse investment options with potential for higher returns, but with more risk including fluctuating values that could be worth more or less than the original cost upon redemption.



Uncomplicate Retirement®

Note that qualified plans provide tax deferral and that using an annuity to fund a qualified plan provides no additional tax deferral. Therefore, an annuity should be used for other benefits, for which there are extra charges. These benefits include lifetime income and a guaranteed death benefit.

When can I access my money?

Your SIMPLE IRA is a long-term financial plan for retirement. You may access funds before you retire, but distributions may be subject to contract charges.

Amounts distributed are taxed as ordinary income unless rolled over. In addition, there is generally a 10% federal penalty tax if received prior to age 59½. The penalty is increased to 25% if funds are withdrawn in the first two years of plan participation.

Keep in mind when you withdraw money from your SIMPLE IRA, you may lessen the overall amount available for your retirement.

Variable annuities are issued by Annuity Investors Life Insurance Company®. You should consider the contract's and underlying portfolio's investment objectives, risks, charges and expenses carefully before investing. Call 800-789-6771 to obtain a free prospectus containing this and other information to read carefully before investing.

Not all variable account options are offered in all products. Variable annuities are longterm investment vehicles. Investments in variable portfolios are subject to market risks so upon withdrawal, the value may be more or less than the amount of the original purchase payments. International investing involves special risks such as foreign currency fluctuations, economic and political uncertainty. Small- and mid-cap stocks may hold more investment risk than large-cap stocks.

This information is not intended or written to be used as legal or tax advice. It was written solely to support the sale of annuity products. As a taxpayer, you cannot use it for the purpose of avoiding penalties that may be imposed under the tax laws. You should seek advice on legal or tax questions based on your particular circumstances from an independent attorney or tax advisor.

Variable Annuity Principal Underwriter/Distributor: Great American Advisors®, Inc., member FINRA and of Great American Insurance Group®, 301 E Fourth Street, Cincinnati, OH 45202.

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