

Your 457(b) Governmental Plan



It pays to keep things simple.®

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?

Your government-sponsored retirement plan will provide only a portion of the income you'll need for retirement. This means you'll have to come up with the remainder of your retirement income, 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 457(b) Governmental plan from 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 457(b) Governmental plan 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 \$19,500 for 2020. If you are 50 or older, you may make an additional \$6,000 catch-up contribution. And, the annual limit could be as much as double the normal limit if you are within three years of your retirement date as specified in the plan document.¹ Ask your financial professional what deferral amount might be right for you.

If you work for a public school or public university or college, you may also be eligible to participate in other employer-offered retirement plans such as a 403(b) TSA for even more tax-deferred savings. For example, in 2020 the maximum contribution for a 403(b) TSA is normally \$19,500, which you could

combine with the normal \$19,500 maximum for your 457(b) Governmental plan for a total contribution of \$39,000. If you are age 50 or over, you can add a catch-up contribution of \$6,000 to each plan, for a tax-deferred contribution of \$52,000 in 2020.

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 457(b) Governmental plan account by choosing an annuity that matches your risk tolerance and investment goals. We offer the following types of annuity products for 457(b) Governmental:

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.

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?

Since a 457(b) Governmental plan is a long-term plan for retirement, you generally receive the account balance only after you sever employment, reach age 59½, become permanently disabled or suffer an unforeseeable emergency. Unless the distributions are rolled over to an eligible retirement plan or IRA, they will be taxed as ordinary income. However, unlike many other qualified plans, distributions are not subject to the IRS 10% penalty tax if received before age 59½.

Keep in mind when you withdraw or borrow money from the plan, you may lessen the overall amount available for your retirement.²



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¹ Note that the age 50 or older catch-up cannot be used under a 457(b) plan if the final three-year catch-up is being used in that year. The final three-year catch-up is only available to the extent that 457(b) contributions in prior years that the employee was eligible to participate were below the applicable maximums by at least an equal amount.

² Qualified loans are not available for all plans and are generally issued by the applicable Great American Insurance Group member using your funds as collateral for the loan.

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 long-term 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.

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