

GENERAL INFORMATION FOR ANNUITY OWNERS WHO ARE AGE 70½ OR OLDER

Federal Tax Law

Federal Law directs that a minimum amount of retirement benefits must be paid from your qualified plan of IRA policy(ies) each year beginning the year in which you reach age 70½.

- Those in their first distribution year (the year in which one reaches age 70½) have until April 1st of the following year to take their first distribution payment.
- If you choose to take your first payment by April 1st, you must also receive your second year distribution payment by the end of that same year.
- All those who are not in their first distribution year must take an appropriate distribution annually, by December 31st of each year.

Calculating the Minimum Payment Required

The minimum amount of retirement benefits to be paid from your IRA annuity(ies) each year is determined by dividing the account balance at the end of the previous year by your life expectancy or the joint life expectancies for you and your beneficiary.

- **ANNUAL RECALCULATION.** If annual recalculation is selected, a new life expectancy factor is determined each year. The new life expectancy factor is based on your age or your age and the age of your beneficiary during the year. (You may not wish to select annual recalculation because if a person whose life is being recalculated dies, the life expectancy for that person becomes zero. The result is that the annual distribution amount for subsequent years may be increased significantly.)
- **NO ANNUAL RECALCULATION.** If no annual recalculation is selected, the life expectancy factor is based on your age or your age and the age of your beneficiary at the end of the first distribution year. For each subsequent year, American General Life will subtract one year from the life expectancy factor for Single Life and one year from each life expectancy factor for Joint Life. (The method used for calculation of the distribution amount will not change because of your death or the death of your beneficiary.)

If American General Life calculates the distribution . . .

- it will meet Federal requirements on a **per contract** basis.
- If sufficient withdrawals have been taken in the current year to satisfy your requirements, another distribution will not be issued automatically by American General Life.
- If withdrawals have been taken in the current year to partially cover the required distribution amount, under IRC §401(a)(9), a check for the remainder of the required distribution will be issued to you.

If you specify an amount . . .

- It should not be assumed that the amount chosen will be adequate to cover your required distribution each year into the future. If you feel your specified amount may not meet Federal requirements during any year, please contact American General Life to compare your specified amount to the federally required amount calculated by us.
- Check(s) will be sent to you based upon an annual frequency regardless of prior withdrawals in the same calendar year.
- The specified amount that you select is not limited to the minimum distribution amount required. You may, of course, withdraw more than the minimum required distribution.

The following statements and regulations apply to both American General Life calculated and amounts specified by you . . .

- It discontinues the notification mailing process to you.
- The frequency of payment will be annual. Select the month and date payments are to begin. Date must be between the 5th and the 24th day of the month. If the date selected falls on a non-business day, the monies will come out of your account on the next business day.
- You must contact American General Life in writing, if your spouse has died and the following conditions exist:
 - You selected multiple life expectancy using your spouse as the beneficiary, and
 - You selected annual recalculation for your spouseFailure to provide this information will result in an incorrect distribution amount.
- You may cancel the systematic withdrawal process at any time by notifying the Home Office in writing.
- You may not request multiple distributions from one contract.

Determining the Amount of Payment when Joint Life (Multiple Life) Expectancies are used

If you select joint life expectancies and your beneficiary is not your spouse and the difference in your ages is 10 years or more (younger), the Minimum Distribution Incidental Benefit (MDIB) Tables, contained in IRS Proposed Regulations §1.401(a)(9)-2, will be used to calculate your distribution. The distribution required under the MDIB tables may exceed a normal minimum required distribution.

Tax Information

Federal Income Tax. Unless you elect not to have Federal Income Tax withheld from your withdrawal or surrender, American General Life will withhold at a rate of 10%.

State Income Tax. State Income Tax may be withheld from your disbursement. Certain states base your State Withholding Election on your Federal Withholding Election. Other States require that American General Life withhold state taxes regardless of your Federal Election.

Charges

If applicable, charges as specified in your contract, may be taken on withdrawals made to meet your required minimum distribution(s).