

Stretch Your Net Worth
Take Care of Your Family
Take Care of Yourself



The Stretch IRA Concept

from
American National Insurance Company

Stretch Your Net Worth

Take Care of Your Family

Take Care of Yourself



Welcome To Your Future

You've finally made it to retirement! You worked hard, made sacrifices, saved money and now you have enough to fulfill your retirement dreams. You've done enough right along the way to create a great retirement for you and your spouse.

What about your children and grandchildren? Will they have the same opportunities you have had? Will they have both the ability and maturity to save like you have done?

How can you protect yourself yet provide for your family after you have gone? And how can you do that in the most cost efficient manner?



The Advantage Of Tax Deferral

Whether your money was in a qualified plan or an Individual Retirement Annuity (IRA)*, you accumulated more money by having it in a tax deferred vehicle. The longer you, your spouse and your children can keep that money in a tax deferred IRA, the more it will grow through tax deferred compounding.



Using the discipline you exercised to create the IRA funds, you can maximize what will be available later for loved ones. You have the ability to pass that discipline on to children and potentially grandchildren.

If you have other income that provides for your retirement and can afford to take minimum distributions that minimize taxes while maximizing the amount available to take care of children and grandchildren, a Stretch IRA Distribution Concept may be right for you.

**Qualified plans already provide tax deferral like that provided by an annuity. Please be sure the features and costs of the annuity are right for you when considering the purchase of an annuity.*

Nothing contained herein is intended to be tax advice and is not intended and cannot be used for the purpose of avoiding penalties under United States Federal income tax laws or promoting, marketing or recommending to another party any transaction or tax related matter. Neither American National Insurance Company nor its representatives provide legal or tax advice. Individuals should speak with their attorney or tax advisor for answers to their specific questions.

The Stretch IRA Concept

The Stretch IRA Concept allows you to take your IRA benefits over your lifetime, your spouse's lifetime, your children's lifetime and maybe even to your grandchildren for a period of time.

The IRA uses provisions in the law to make it easier to "Stretch Out" the time that funds can remain in the IRA after your death.

You are able to take whatever distributions you want during your lifetime. You are in complete control of your funds as your spouse can be during their lifetime. The Stretch IRA Concept really goes to work for you after you are gone and your children inherit your IRA.



Many times children do not have the maturity to save money. If you have never saved money and watched how it can grow and compound, there is a tendency to look at money for what you can buy and not what you can save. The Stretch IRA Concept allows you to lock in a distribution strategy at your death that will pay your children money over their life expectancy so they are unable to consume all of the money at one time. This ensures them supplemental retirement income at a time when they may need it the most.

Every IRA Owner Needs A Distribution Strategy

You have accumulated assets in your qualified plans and IRAs. How you distribute those assets during your life and after your death will impact what you can provide to loved ones. Factors that determine a cash flow strategy will be based upon what your spending needs are and what available "buckets" of income you have to call upon. If you have other sources of income, you are able to preserve the tax deferred growth of IRA assets to maximize what you can pass to loved ones. Even if you need to take regular distributions from IRAs, the Stretch IRA Concept can be put in place for children after you are gone.



In general, tax deferred assets grow more rapidly than taxable assets, so you have the ability to maximize growth while at the same time minimize income taxes. All distributions from IRAs other than Roth IRAs are taxed at ordinary income tax rates and minimizing such distributions during your lifetime will minimize applicable income taxes.

Once you have determined a distribution strategy that best meets your needs, you can consider a strategy for loved ones once you are gone. If you leave a surviving spouse and children, the general rule is that the spouse should make the IRA his or her own and name the children new beneficiaries. Consult your financial advisors to determine what strategy is best for your specific situation.

If there is no spouse or if your spouse predeceases you, then using the Stretch IRA Concept is a great way to ensure that your children will have an income source for their life expectancy. Preserving your legacy and what you have worked so hard to build will provide the most benefit to children when they need it.

Required Minimum Distributions

Most individuals must begin taking required minimum distributions beginning at age 70½ or the April 1st following the year they turn age 70½. Your required minimum distributions are calculated using your life expectancy factor obtained from IRS tables as well as the life expectancy of your beneficiary after you are gone. The Required Minimum distribution amount is also based upon the amount in your IRA(s). Individuals can take out as much as they want but the IRS sets forth these minimum amounts that must be withdrawn beginning at age 70½. These amounts then increase each year as you get older. You can take out what your needs require. You are not limited during your life as to how much you take out each year. The less you take out, the more accumulation in the annuity realized. So, if you are able to take out the minimum amount each year, there will be more available for loved ones.

Whether a strategy of minimizing distributions from IRAs and IRA rollovers is best for your situation will depend on what other income sources you have available through pensions, social security, annuities and other sources such as part time work.

Consult your financial advisors to determine the best strategy for your specific situation.

Creating A Legacy For Your Family

If the distribution strategy you and your advisors devise allows you to minimize the distributions from your IRA, assets in the IRA can grow tax deferred, thereby allowing assets to grow more rapidly than in an environment where income is taxed annually. The tax deferred growth over a number of years provides your loved ones a legacy that can live on after you are gone.



Your children may not be able to work for the same company for their entire career. Studies show individuals will have multiple jobs and in many cases multiple careers over their working years going forward. With more and more companies either terminating defined benefit plans or moving to cash balance plans, individuals with short stays at a company will only have what they save in their 401(k) plans and social security to fall back on during retirement.

The Stretch IRA Concept allows you to supplement your children's retirement income by using this strategy for your children after you are gone. After both you and your spouse have gone, whatever is left in your IRA can be paid out over your children's life expectancy. If a child dies prior to reaching life expectancy, your grandchildren can receive the remaining benefits.

This can be done regardless of the strategy you have followed during your lifetime. This allows you to manage your IRA in whatever way you wish during

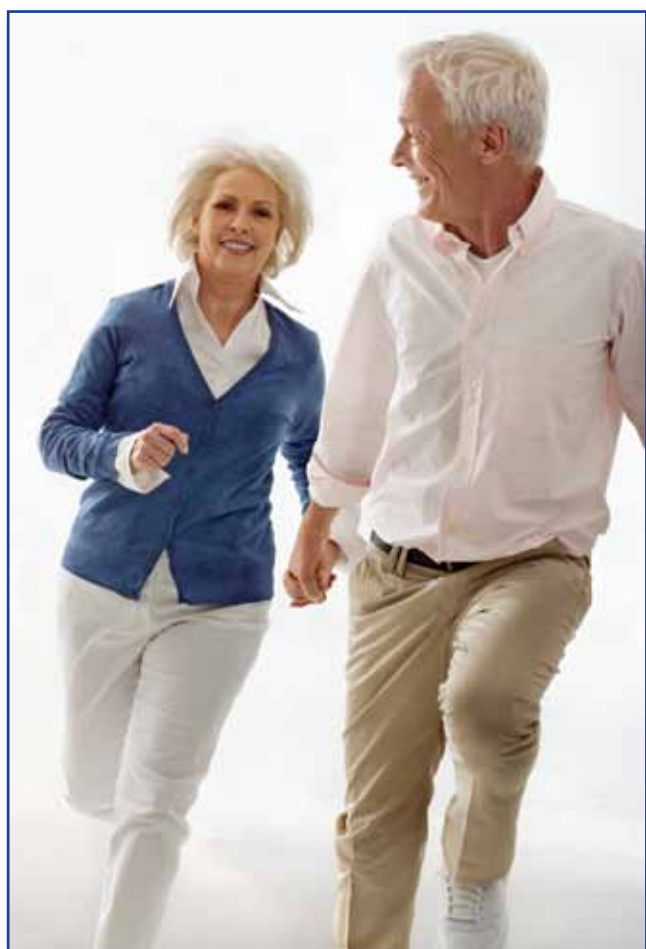
your lifetime and then provide for your children to receive distributions that will stretch out over their life expectancy. With the tax deferral of the IRA, your loved ones ultimately receive more income in that any gain on the assets is not taxed until distributed from the IRA. If a child dies prior to life expectancy being reached, grandchildren can receive the remaining distributions based upon the remaining benefit.

Inherited IRAs

The required minimum distribution rules allow your children to take distributions from an inherited IRA over a fixed period of time based upon the beneficiary's actuarial life expectancy. This is determined through an IRS chart that provides the number of years in which a child can take the distribution. If the number is 30 years, the first year the beneficiary must take out 1/30th of the account value and the next year 1/29th and so on until all of the assets have been removed from the IRA. If there are multiple beneficiaries, separate accounts should be set up or the measuring life for all of the beneficiaries will be the oldest beneficiary.

This normally allows for a long period of tax deferred growth which increases the amount in the account and provides for the maximum distributions over the life of the beneficiary.

What happens if the beneficiary dies prior to the end of the distribution term, i.e. before their life expectancy ends? The beneficiary of the beneficiary (successor beneficiary), namely grandchildren, can then receive the remaining principal in one lump sum.



Next Steps

Visit with your financial advisors about the Stretch IRA Concept. They can advise you, and if this is an appropriate strategy for you, can assist you in implementing this strategy.

The Stretch IRA will protect the assets you worked so hard to accumulate and ensure that they provide your children an income over their life expectancy. Put the pieces in place to offer your family the security they need after you have gone.

Contracts Are Issued By American National ...

Contracts are issued by American National Insurance Company. The Stretch IRA Concept assumes the annuity contract has value to support withdrawals. A Stretch IRA is a tax-deferral concept using an annuity. A Stretch IRA Concept is designed for individuals who will not need the money in the contract for their own retirement.

Withdrawals may be subject to Federal/State income tax and, if taken prior to age 59½, an additional 10% IRS penalty may apply. Neither the Company nor its agents and representatives can provide tax, legal or accounting advice. Clients should consult their own attorney or tax advisor about their specific circumstances.

Individual Retirement Accounts and other qualified plans already provide tax deferral like that provided by an annuity. Additional features and benefits such as contract guarantees, death benefits and the ability to receive a lifetime income are contained with an annuity for a cost. Please be sure the features and costs of the annuity are right for you when considering the purchase of an annuity.

About American National ...

Established in 1905, American National Insurance Company has been a consistent source of financial strength and long term planning which has earned the respect of policy-owners nationwide. American National's financial strength and operating integrity have positioned it as a leader in the insurance industry. American National offers innovative insurance and related financial products, customer-focused service, and ranks among the larger life insurance companies in the United States. American National's commitment to quality products, services, and prudent management are reflected in its impressive industry ratings.

Nothing contained herein is intended to be federal tax advice and is not intended and cannot be used for the purpose of avoiding penalties under United States Federal income tax laws or promoting, marketing or recommending to another party any transaction or tax related matter. Neither American National nor its representatives provide legal or tax advice. Individuals should speak with their attorney or tax advisor for answers to their specific questions.





American National Insurance Company
One Moody Plaza, Galveston, Texas 77550-7999