



TAX EFFICIENCY FOR TODAY

FLEXIBILITY FOR TOMORROW

INVESTMENT-ONLY STRATEGY

Annuities issued in all states except New York by Transamerica Life Insurance Company, Cedar Rapids, Iowa and in New York by Transamerica Financial Life Insurance Company, Harrison, New York. Annuities are underwritten and distributed by Transamerica Capital, Inc. 1801 California St. Suite 5200, Denver, CO 80202. FINRA member. References to Transamerica may pertain to one or all of these companies.

Annuities may lose value and are not insured by the Federal Deposit Insurance Corporation (FDIC) or any federal government agency. They are not a deposit of or guaranteed by any bank, bank affiliate, or credit union.



TRANSAMERICA®

A LIFE LESS

TAXING



ACHIEVE YOUR OBJECTIVES— NOW AND LATER

MANAGE YOUR TAX LIABILITY TODAY

You've worked hard and smart to reach a level of income that can provide the financial security you desire.

One unfortunate consequence is that you pay more in taxes. Even with a successful investment strategy, taxes can have a tremendous impact on your returns.

You have more control over your taxes than you might think. With an investment-only variable annuity strategy, you can:

- **Manage the amount of taxes you pay each year, by managing the amount of distributions you take**
- **Save and invest in a tax efficient manner**
- **Control when you pay taxes on your investment income from your variable annuity**

By using Transamerica's investment-only variable annuity strategy, you can more effectively manage the amount of taxes you pay each year by significantly reducing your taxable income.

SAVE MORE FOR TOMORROW

Not all investment strategies are created equal. As you know, there are strict limits on what you can contribute to certain tax-deferred retirement vehicles such as IRAs and 401(k)s.

These restrictions may lead you to believe your options are limited.

The good news: Your ability to grow your investments tax-deferred is unlimited.

Using Transamerica's investment-only variable annuity strategy gives you the ability to:

- Save more for retirement in a tax efficient manner
- Defer your taxable investment income today
- Create income to use in retirement, at a time when you may have moved into a lower tax bracket

Withdrawals of taxable amounts are subject to ordinary income tax and may be subject to a 10% additional federal tax if withdrawn before age 59½.

HAVE THE FLEXIBILITY YOU NEED — WHEN YOU NEED IT

Unlike other annuity strategies, Transamerica's investment-only variable annuity strategy gives you the option to add, for an additional fee — now or at a future date:

- A lifetime income option with guaranteed minimum withdrawal benefits. Transamerica's offerings: *Transamerica Income Edge*SM, *Retirement Income Choice*[®] 1.6, and *Retirement Income Max*[®]
- Transamerica's optional death benefits that can protect or enhance the amount you invest for your heirs
- Control over how your beneficiaries receive the assets by preselecting the death benefit options that are available

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



Consider this: Because lifetime income benefits can be added at a later date, an investment-only variable annuity strategy allows you to pay for what you need, only when you need it.

Neither Transamerica nor its agents or representatives may provide tax, investment or legal advice. Anyone to whom this material is promoted, marketed, or recommended should consult with and rely on their own independent tax and legal advisors and financial professional regarding their particular situation and the concepts presented herein.

CONTROLLING THE TAX FACTOR



THE TAX LANDSCAPE — MORE INCOME, MORE TAXES

Many Americans have received a tax break due to Tax Cuts and Jobs Act of 2017. However, certain aspects of the American Taxpayer Relief Act of 2012 (ATRA), which ushered in a series of tax increases on individuals earning more than \$200,000 and married couples filing jointly who make more than \$250,000, still apply.

When your income reaches specific thresholds, additional tax liabilities may be imposed, and your eligibility for certain tax deductions, exemptions and credits are phased out. The amount of taxable income you receive can also impact other areas of your overall financial strategy, such as:

- The taxation of your Social Security benefits
- The amount you'll pay in Medicare premiums
- Your ability to contribute to a Roth IRA or deduct contributions to a Traditional IRA (dependent upon employer-sponsored retirement plan participation as well)



Consider this: The American Taxpayer Relief Act of 2012 (ATRA) imposes tax liabilities if your income reaches specific thresholds. By offering a sound structure for tax deferral, an investment-only variable annuity strategy counters with a powerful tool.

THE VERY REAL IMPACT OF TAXES ON 'HIGH-INCOME EARNERS'

The current tax landscape imposes progressive income tax thresholds on those classified as "high-income earners."

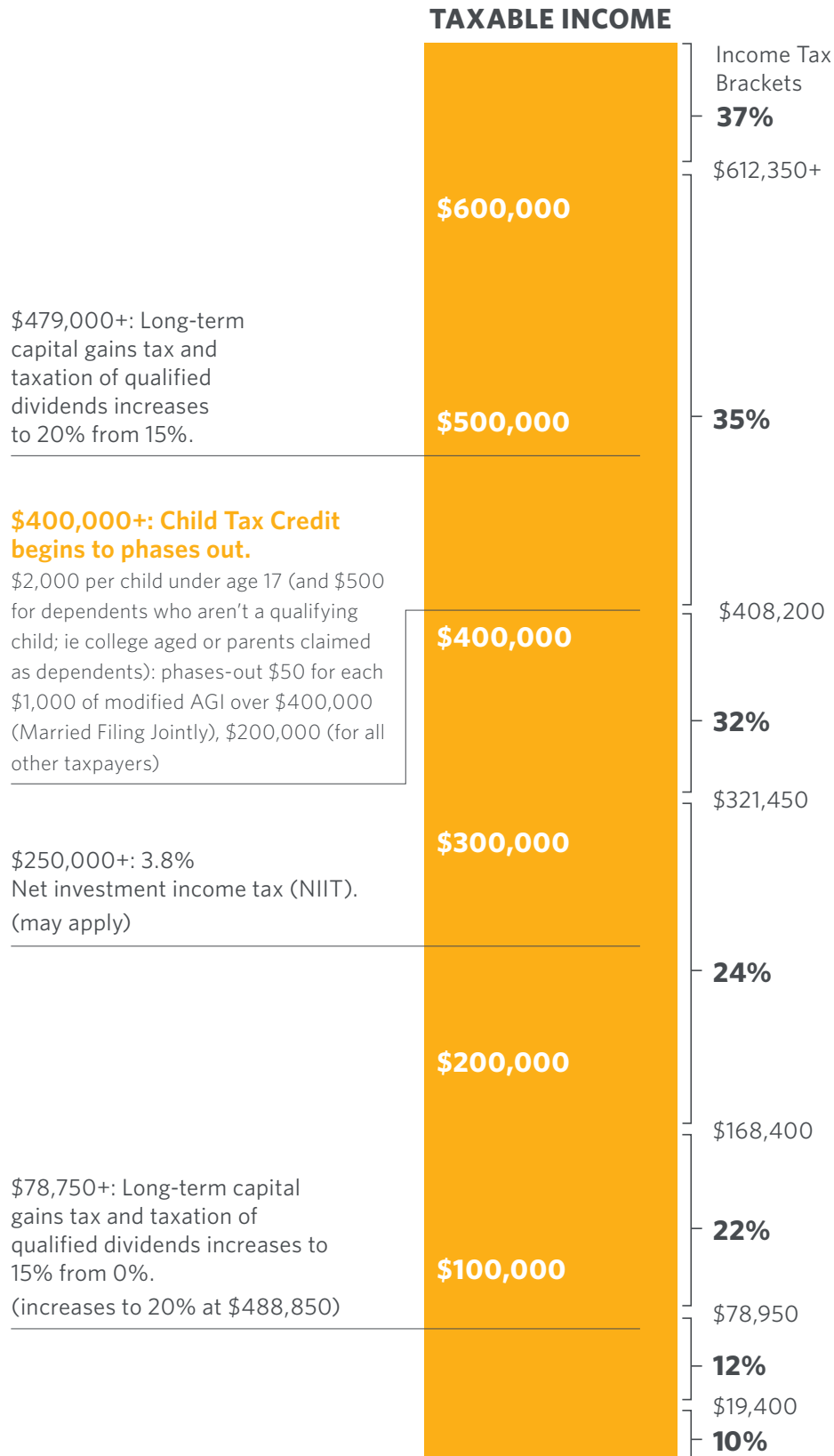


Chart is for married couples filing jointly. Thresholds are for 2019, filing in 2020.

THE POWER OF TAX DEFERRAL

DEFERRING INVESTMENT INCOME

When income (such as interest, dividends, or capital gains) is generated by investments in a taxable account, you may have to pay taxes on that income. That means less of your money will be working for you during the following year. This is sometimes referred to as “tax drag.”

Additionally, when an investment is sold to purchase another within a taxable account, it triggers a taxable event to the extent of any realized gain on the initial investment. That means with most accounts, you may have no control over how much in capital gains will be generated each year.

In contrast, an investment-only variable annuity strategy allows you to change investments among the various subaccounts without triggering a tax liability. This keeps more of your money tax deferred and working for you, which can make a significant difference in the long run.



Consider this: Because capital gains, dividends, and interest income are deferred in an investment-only variable annuity strategy, this strategy is an effective way to hold investments that are typically considered tax inefficient.

A COMPARISON OF THE DIFFERENT TAX RATES FOR VARIOUS INVESTMENT OPTIONS

		TOP MARGINAL TAX RATE ¹
BOND FUND	Interest	40.8%
	Long-term capital gain	23.8%
	Short-term capital gain	40.8%
STOCK FUND	Dividends	23.8%
	Long-term capital gain	23.8%
	Short-term capital gain	40.8%
INVESTMENT-ONLY VARIABLE ANNUITY STRATEGY ²	Initial investment and gains	Tax deferred until distributions occur



Consider this: An investment-only variable annuity strategy provides a tax-deferred vehicle that enables you to change investments among the various subaccounts without triggering a tax liability.

¹Assumes 3.8% tax for NIIT, in addition to the 20% tax rate for Taxable Income over \$488,850.

²Withdrawals of taxable amounts are subject to ordinary income tax and may be subject to a 10% additional federal tax if withdrawn before age 59½.

THE BENEFITS OF TAX DEFERRAL

A variable annuity is a tax-deferred vehicle that enables you to change investments among the various subaccounts without triggering a tax liability. Consider two hypothetical investments of \$100,000 each. Also, assume this hypothetical taxpayer is a high-income earner in the highest tax bracket. Account A is a taxable account, while Account B is taxed deferred. After five years with 6% growth annually, the account owner wants to change how each account is invested. The tax consequences of the change of investments is different for each account:

THE IMPACT OF CHANGING INVESTMENTS

\$100k Initial Investment

5 Years later after
6% growth per year



ACCOUNT A: TAXABLE ACCOUNT

\$125,773 to reinvest after paying taxes
\$33,823 of long-term capital gain taxed at 23.8%
(20% + 3.8% NIIT for Taxable Income over
\$488,850) = \$8,050 in taxes due

ACCOUNT B: TAX-DEFERRED ACCOUNT

\$133,823 remains invested
Investment changes are not taxable

When the investment in Account A is sold, the owner must recognize the taxes on the gain portion before reinvesting. The owner of Account B can change the investment in the tax-deferred account without immediate taxation, leaving the full \$133,823 invested. The owner of Account A will have no remaining tax liability on this investment. The owner of Account B is liable for all taxes when he liquidates or surrenders the account. Account A was taxed at the capital gains rate, while Account B, upon liquidation, will be taxed at ordinary income tax rates, rather than capital gains rates.

This hypothetical illustration assumes an initial investment of \$100,000, an annual growth rate of 6% and an income tax rate of 23.8%. Returns and principal invested in stocks are not guaranteed. Withdrawals of tax-deferred accumulations are subject to ordinary income tax and may be subject to a 10% additional federal tax if withdrawn before age 59½. This is for illustrative purposes only, is not indicative of any investment, and does not guarantee or predict actual performance. The fees and expenses typically involved with a variable annuity are not reflected in the performance of Account B. If they were, the return of Account B investment would be lower.

Tax treatment of capital gains and dividends could favorably impact the investment return for Account A, thereby limiting the difference in performance between the hypothetical investments shown. Personal investment time frames and income tax brackets, both current and projected, should be considered as they could further impact the comparison.

EASING YOUR TAX BURDEN

REDUCING TAXABLE INCOME—AND TAX LIABILITY

Transamerica’s investment-only variable annuity tax-deferral strategy can also help reduce your annual tax liability.

Most people generate income in two ways:

- Working (earned income)
- Interest, dividends, and capital gains (investment income)

You can reduce your overall tax liability if you can reduce one or both of these sources of income when it isn’t needed.

As mentioned previously, when your investments, such as stocks, bonds, and mutual funds, are held in a taxable account, the interest, dividends, and capital gain distributions are taxable in the year they are received or realized, even if you reinvest them. But if you hold these investments in a tax-deferred variable annuity, the investment income generated is excluded from current income. This lowers your overall taxable income and in turn, your tax liability.



Consider this: Investment income generated in a tax-deferred investment is excluded from current income. This lowers your taxable income and tax liability.

REDUCING INVESTMENT INCOME CAN REDUCE YOUR ANNUAL TAX LIABILITY

The following chart is an example of how a married couple filing jointly reduced its tax bill by almost \$30,000 by deferring the taxation of their investment income using a variable annuity.



³It should be noted that to reposition current assets into a tax-deferred variable annuity, the sale of assets may create a taxable event, which may increase taxable income in that year.

Chart source: dinkytown.net/java/Tax10402018.html

This is for illustrative purposes only and not indicative of any investment.

CONTROLLING WHEN YOU RECEIVE INCOME

By definition, “tax-deferred” does not mean tax exempt, it means that taxes are merely deferred until your assets are withdrawn. The ability to control the amount and timing of your withdrawals is one of the key benefits of a variable annuity, allowing you to pay taxes on your investment income when it is most favorable to you.

For example, distributions during retirement may be tax advantageous if your income and income tax bracket are lower than they were during your working years.

WORKING YEARS

During their working years, Larry and Margaret earn \$500,000. The investment-only variable annuity strategy can help them defer taxes on their investments and lower their taxable income.

\$400,000+: Child Tax Credit begins to phases out.

\$2,000 per child under age 17 (and \$500 for dependents who aren't a qualifying child; i.e. college aged or parents claimed as dependents): phases out \$50 for each \$1,000 of modified AGI over \$400,000 (Married Filing Jointly), \$200,000 (for all other taxpayers).

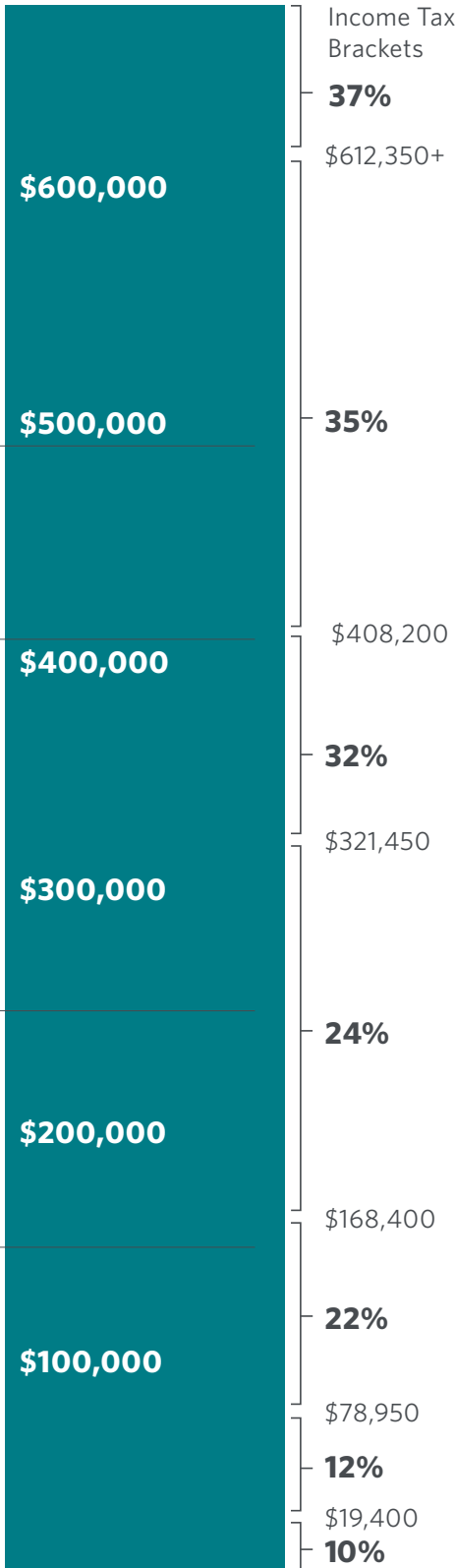
\$250,000+: 3.8%
Net investment income tax (NIIT).

IN RETIREMENT

In retirement, Larry and Margaret budget \$150,000 per year.

At that time, withdrawing investment income from their investment-only variable annuity strategy will be more tax efficient.

TAXABLE INCOME



CONSIDERING THE CASE OF LARRY AND MARGARET...

During their working years, Larry and Margaret earn \$500,000 annually, which places them in the 35% marginal tax bracket.

As a result, they're subject to NIIT and 20% long-term capital gains tax. Also, they are unable to receive the child tax credit.

But in retirement, all that changes. Larry and Margaret's annual income falls to \$150,000. This moves them to a 22% marginal tax bracket and keeps them below important thresholds that impose additional tax liabilities.

Because they choose to access their investment-only variable annuity strategy investments only after moving to the lower tax bracket, they can potentially pay less in taxes on their investment earnings.

REDEFINE YOUR LIMITS

THE ABILITY TO SAVE EVEN MORE FOR RETIREMENT

Transamerica's investment-only variable annuity strategy not only offers tax deferral, but the amount of after-tax contributions is essentially unlimited.

The table below summarizes the tax attributes of three primary types of investment accounts used for retirement savings.

	TAXABLE ACCOUNT	RETIREMENT PLAN	VARIABLE ANNUITY
CONTRIBUTIONS	Unlimited After-tax only.	Limited Pre-tax and after tax depending on the type of employer sponsored retirement plan and/or IRA limits.	Unlimited After-tax only, subject to terms of the contract.
TAX REDUCTION	Maybe Some types of investments may generate little or no taxable investment income, and may be taxed at long term capital gains rate.	Yes Contributions may be tax deductible and all investment income is tax deferred.	Yes Contributions are not tax deductible but investment income is tax deferred.
TAX DEFERRAL	Taxed when investments are sold or dividends are paid.	Yes Until 70½. ⁴	Yes For as long as the contract permits.
TAX CONTROL	Maybe Some types of investments may generate little or no taxable investment income.	Yes Until 70½. ⁴	Yes There is no tax liability until gains are withdrawn from the contract. ⁵
OPTIONAL LIVING BENEFIT	None	None	Yes
OPTIONAL DEATH BENEFIT	None	None	Yes



Consider this: An investment-only variable annuity strategy allows you to contribute an unlimited amount of money on an after-tax basis.

⁴Employer sponsored retirement plans and Traditional IRAs are subject to required minimum distributions rules once the participant reaches age 70½.

⁵Withdrawals of taxable amounts are subject to ordinary income tax and may be subject to a 10% additional federal tax if withdrawn before age 59½.



THE FLEXIBILITY YOU NEED — WHEN YOU NEED IT

WHERE YOU INVEST MATTERS

Transamerica's investment-only variable annuity strategy can provide you with a number of tax advantages and additional benefits that can help you meet your retirement and estate planning objectives.

AN INVESTMENT-ONLY VARIABLE ANNUITY STRATEGY AFFORDS YOU FLEXIBILITY:

A guaranteed lifetime income option — Transamerica provides the following guaranteed minimum withdrawal benefits:

- *Transamerica Income Edge*SM
- *Retirement Income Choice*[®] 1.6
- *Retirement Income Max*[®]

A lasting legacy — Transamerica provides optional death benefit riders that can protect or enhance the amount you invest for your heirs

THE TRANSAMERICA ADVANTAGE

Pre-selected beneficiary designations

- Control how your beneficiaries receive the asset
- Enables you to limit distributions to a minimum dollar amount or percentage for a specified period⁶

Systematic payouts "Stretch" distribution option

- Allows your beneficiary to maintain the tax advantages available under federal tax laws

Transamerica's investment-only variable annuity strategy provides the ideal means for managing taxes, structuring a reliable income stream, and customized legacy planning.

⁶Transamerica is obligated to pay the beneficiary the greater of the legal minimum amount required by law or the amount specified through the restriction.



TRANSAMERICA®

**When it comes to preparing for your future,
there's no time like the present.**

Let's get started today.

 **Visit:** transamerica.com

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.

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.

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.

There is no additional tax-deferral benefit derived from placing IRA or other tax-qualified funds into an annuity. Features other than tax-deferral should be considered in the purchase of a qualified annuity.

Neither Transamerica nor its agents or representatives may provide tax or legal advice. Anyone to whom this material is promoted, marketed, or recommended should consult with and rely on their own independent tax and legal advisors regarding their particular situation and the concepts presented herein.

All policies, riders, and forms may vary by state and may not be available in all states. RGMB 37 0809, RGMB 38 0809, RGMB 37 0809 (IS)(FL), RGMB 38 0809 (IS)(FL), other versions also available, RGMB 37 0718 (AJ)(OR), RGMB 37 0718 (AS)(OR), RGMB 37 0718 (IJ)(OR), RGMB 37 0718 (IS)(OR), RGMB 38 0718 (AJ)(OR), RGMB 38 0718 (AS)(OR), RGMB 38 0718 (IJ)(OR), RGMB 38 0718 (IS)(OR); RGMB 37 0514R (IS)(NY), RGMB 37 0514R (AS)(NY), RGMB 37 0514R (IJ)(NY), RGMB 37 0514R (AJ)(NY), ICC12 RGMB410513(IS), ICC12 RGMB410513(IJ), RGMB 41 0111 (IS)(FL), RGMB 41 0111 (IJ)(FL), RGMB 41 0514R (IS)(NY), RGMB 41 0514R (IJ)(NY), ICC16 RGMB510616(IS), ICC16 RGMB510616(IJ), NIC16 RGMB510616(IS)(FL), NIC16 RGMB510616(IJ)(FL), NIC16 RGMB510616(IS)(NY), NIC16 RGMB510616(IJ)(NY).