TAXES CAN BE A DRAG

Don’t Let Taxes Deflate Returns

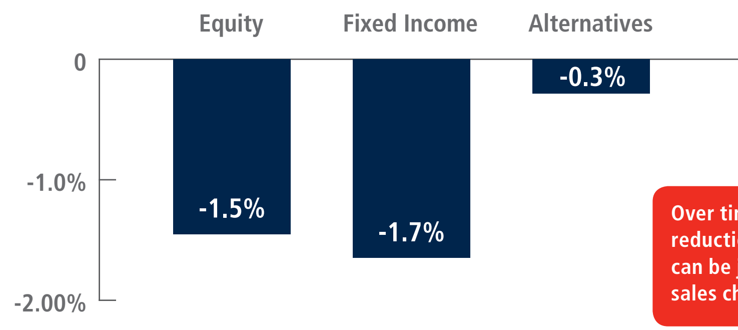
Volatility sometimes causes investors to move portions of their equity assets into fixed income accounts and add alternatives to their portfolios.

While diversifying[1] equity assets with alternatives and fixed income investments can work to help manage volatility, the inherent tax inefficiencies of these investments may drag you down.

Ultimately, taxable income distributions and frequent portfolio turnover generate a percentage per-year tax drag which creates small reductions in earnings that can significantly add up over the long term.

Placing tax-inefficient investments into tax-advantaged accounts[2] can keep more of your money working for you.

Percent Per-Year Tax Drag on Different Types of Investments[3]



Over time, percentage point reductions as a result of taxes can be just as detrimental as sales charges and expenses.

	Equity	Fixed Income	Alternatives
Average Turnover	91.8%	137.4%	303.6%
Reduction in Returns	24%	40.5%	19.8%

See other side →

[1] Diversification does not assure a profit or protect against loss in a declining market.

[2] Tax deferral offers no additional value if an annuity is used to fund a qualified plan such as a 401(k) or IRA. It also may not be available if the annuity is owned by a “non-natural person” such as a corporation or certain types of trusts. Earnings from tax-deferred investments are taxable as ordinary income when distributed and may be subject to a 10% additional tax if withdrawn before age 59½.

[3] Tax drag calculated by Jackson® using Morningstar mutual fund universe performance, tax drag and turnover data since inception with oldest share class period ending 12/31/2017.
Equity is comprised of investments within Morningstar’s U.S. Category Groups: U.S. Equity Funds, Sector Equity Funds, International Equity Funds.
Fixed Income is comprised of investments within Morningstar’s U.S. Category Group: U.S. Taxable Bond Category Group.
Alternatives is comprised of investments within Morningstar’s U.S. Alternative Category Group.

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Call your representative today to learn more about how tax-advantaged accounts could benefit you.

Before investing, investors should carefully consider the investment objectives, risks, charges, and expenses of the variable annuity and its underlying investment options. The current contract prospectus and underlying fund prospectuses, which are contained in the same document, provide this and other important information. Please contact your representative or the Company to obtain the prospectuses. Please read the prospectuses carefully before investing or sending money.

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Alternative investment strategies such as leveraging, arbitrage and commodities investing are subject to greater risks and volatility than more traditional investment offerings. Although asset allocation among different asset categories generally limits risk and exposure to any one category, the risk remains that management may favor an asset category that performs poorly relative to the other asset categories. Other risks include general economic risk, geopolitical risk, commodity-price volatility, counterparty and settlement risk, currency risk, derivatives risk, emerging markets risk, foreign securities risk, high-yield bond exposure, noninvestment-grade bond exposure, commonly known as "junk bonds," index investing risk, industry concentration risk, leveraging risk, market risk, prepayment risk, liquidity risk, real estate investment risk, sector risk, short sales risk, temporary defensive positions, and large cash positions.

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