AIG SUNAMERICA INTRODUCES “MARKETLOCK”—THE LATEST INNOVATION IN RETIREMENT INCOME PLANNING

A New Solution to Building Retirement Income -- Automatically Locks In Market Gains And Locks Out Downside Risk

LOS ANGELES, January 5, 2006 – AIG SunAmerica Retirement Markets, Inc. today said it has added a new living benefit option to its Polaris® and Seasons® variable annuities, designed to meet the retirement income needs of today’s investors.

The new feature, called MarketLock, is a “maximum anniversary value” guaranteed minimum withdrawal benefit that locks in investment gains annually and automatically for at least 10 years, creating a stream of retirement income that can only increase with the market, and never decline due to market volatility.

The MarketLock feature addresses investor fears that market fluctuations will reduce their investments and negatively affect their retirement income. With MarketLock, an investor’s income can automatically be “stepped up” and “locked in” every year if the contract’s investment performance exceeds previous anniversary values. This means an investor’s income has the opportunity to rise every year, but can never be reduced by a market downturn.

MarketLock can give investors the confidence to pursue greater growth opportunities and remain invested in turbulent times. In fact, with MarketLock, investors have no investment restrictions—they have the flexibility to allocate assets to any investment options in their variable annuity, including those with greater growth potential.
“MarketLock is the kind of powerful new living benefit that is transforming the way investors build, plan and manage their retirement income,” said Jana Waring Greer, President of AIG SunAmerica Retirement Markets, Inc.

“Today’s baby boomers are particularly concerned about protecting their nest eggs and the predictability of their income in retirement,” noted Greer. “MarketLock addresses these important issues by providing the opportunity to lock in and protect income, and to potentially increase their ‘retirement paychecks’ every year, unlike many other living benefit options in the industry.”

**Retirement Income and Retirement Flexibility**

Among its advantages, MarketLock provides investors with the flexibility to create a retirement income strategy that fits individual needs. Contract owners can decide when to begin taking income, how much to withdraw each year and how long they want the yearly income to last. For example:

- For investors with immediate income needs, MarketLock allows them to take up to 5% of their guaranteed withdrawal benefit immediately, providing them with withdrawals that can last for at least 20 years.

- If investors wait to begin withdrawals, MarketLock allows them to increase annual income to as much as 10% of their withdrawal benefit for 10 years or more.

It’s important to note that in order to receive the income benefits of MarketLock, the investor must adhere to the withdrawal requirements of the feature. MarketLock offers the potential for a rising income stream by locking in gains as of each contract anniversary for up to 20 years if the client extends the feature at year 10, and this income will never decline due to market volatility while the investor is taking withdrawals over the feature’s withdrawal period. The MarketLock feature is provided by AIG SunAmerica Life Assurance Company and in New York, by First SunAmerica Life Insurance Company.
The MarketLock option must be elected when the contract is first issued and is available only to investors age 75 or younger at purchase. To receive MarketLock’s full benefits, contract owners must adhere to specific withdrawal limits. The additional annual fee for MarketLock is 0.65% of the withdrawal benefit for as long as the investor remains invested in the contract. If investors elect to extend the time period that step-ups can occur from 10 years to 20 years, the fees in effect at the time of extension, which may be higher or lower, will be charged, and the then-current parameters of the feature will go into effect. The withdrawal benefit includes the initial investment, plus investments made during the contract’s first two years. MarketLock cannot be elected in combination with certain other living benefit options offered in the same contract. Excess withdrawals (outside the parameters of the feature) may negatively affect the investor’s level of guaranteed income.

**AIG SunAmerica Offers More Ways to Build Retirement Income**

MarketLock is one of several living benefit options within AIG SunAmerica’s Polaris and Seasons variable annuities that provide guaranteed benefits while the owner is still living. It follows the successful introduction of Income RewardsSM UP 50SM. This benefit allows contract owners to fully invest in the market for growth, with the confidence of knowing that, if they take income, they will receive no less than 150% of their initial investment (adjusted for withdrawals) after a 10-year wait period—regardless of market performance.

UP 50 may be especially attractive for baby boomers with longer investment time horizons who want growth and a guaranteed stream of retirement income for a minimum of 15 years. The Income Rewards feature also includes UP 10SM and UP 20SM, which offer 10% and 20% guaranteed step-ups, respectively, if the contract owner waits three or five years after contract issue to begin taking withdrawals. Withdrawals made prior to the wait period will reduce or eliminate the Income Rewards step-up. Income Rewards is not available in conjunction with MarketLock or certain other living benefit features. Additional fees, restrictions and limitations apply. For Income Rewards, an additional annualized fee applies, deducted quarterly, of 0.65% of the benefit base for contract years 0-7 and 0.45% of the benefit base for years 8-10. After year 10, the fee ends.

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A Complete Retirement Planning Vehicle

MarketLock and Income Rewards are living benefits offered as features on select AIG SunAmerica variable annuities. Variable annuities are long-term investment vehicles designed for retirement purposes. They are designed to help investors save for retirement with a combination of tax-deferred growth on earnings, a wide range of investment options, guaranteed lifetime income options and protection features such as the living benefits described here, as well as death benefits that can help protect the value of the investment for the owner’s beneficiaries. Because investors pay no taxes on earnings within their variable annuity until they take a withdrawal, withdrawals of taxable amounts are subject to ordinary income tax and, if taken prior to age 59½, a 10% federal tax penalty may apply. In addition, early withdrawals may be subject to withdrawal charges imposed by the insurance company. Partial withdrawals may also reduce benefits available under the annuity contract as well as the amount available upon a full surrender.

Like any investment in market securities, an investment in a variable annuity involves investment risk, including possible loss of principal. The contract, when redeemed, could be worth more or less than the total amount invested. While not a guarantee of contract value, the living and death benefits in variable annuities were specifically designed to help protect future income and the beneficiary’s inheritance against these risks.

Please call 1-800-445-SUN2 to request a prospectus. Please read the prospectus carefully before investing. The prospectus contains the investment objectives, risks, fees, charges, expenses and other information regarding the contract and underlying funds, which should be considered carefully before investing.

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AIG SunAmerica Retirement Markets, Inc., a subsidiary of AIG Retirement Services, Inc., specializes in marketing and distributing the retirement savings products issued by AIG SunAmerica Life Assurance Company and First SunAmerica Life Insurance Company. Together, the life companies of AIG Retirement Services, Inc. rank as the largest issuer of variable and fixed annuities in the nation. AIG SunAmerica Retirement Markets supports the distribution of variable annuities through an extensive national network of registered representatives at independent broker-dealers, securities firms and banks.

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