

Understanding and Benefiting from
FIXED INDEXED ANNUITIES





What do **FIXED INDEXED ANNUITIES** offer?

- Safety of principal and previously-credited interest
- No risk of loss if held to term
- Minimum contract value **GUARANTEED**
- Your choice of interest crediting strategies based on changes in a market index or guaranteed-interest strategy
- Tax-deferred growth
- May avoid probate
- Penalty-free withdrawal options
- Lifetime Guaranteed Income Options*

*Guaranteed lifetime income available through annuitization or the purchase of an optional lifetime income rider, a benefit for which an annual premium is charged.

IRAs are already tax-deferred; if you want to put IRA funds into an annuity, consider the other benefits provided by an annuity, such as lifetime income and a death benefit. Taxable amounts withdrawn prior to age 59½ may be subject to a 10% IRS penalty. Guarantees provided by annuities are subject to the claims-paying ability of the issuing insurance company. Indexed Annuities contain limitations including withdrawal charges, fees and a market value adjustment which may affect contract values.



How Do You Earn **INTEREST?**

- ⇒ **Track a market index** for a period of time (usually two contract years)
- ⇒ **Determine a percentage change** in the market index (e.g. – point-to-point, monthly averaging, etc.)
- ⇒ **Apply an adjustment** (e.g. – participation rate, cap, fee)
- ⇒ **Credit interest**, if any, at the end of the period (usually each contract year); In annual reset annuities, credited interest can never be taken away due to poor market performance
- ⇒ Interest compounds in the next crediting period (usually annually)

Fixed indexed annuities are not stock market investments and do not directly participate in any stock or equity investments. Market Indices do not include dividends paid on the underlying stocks, and therefore do not reflect the total return of the underlying stocks; neither an Index nor any market-indexed annuity is comparable to a direct investment in the equity markets. Clients who purchase indexed annuities are not directly investing in a stock market index. Positive index adjustments may be limited to a monthly maximum (called a "cap") or a participation rate, meaning only a portion of the gain is credited to the contract.

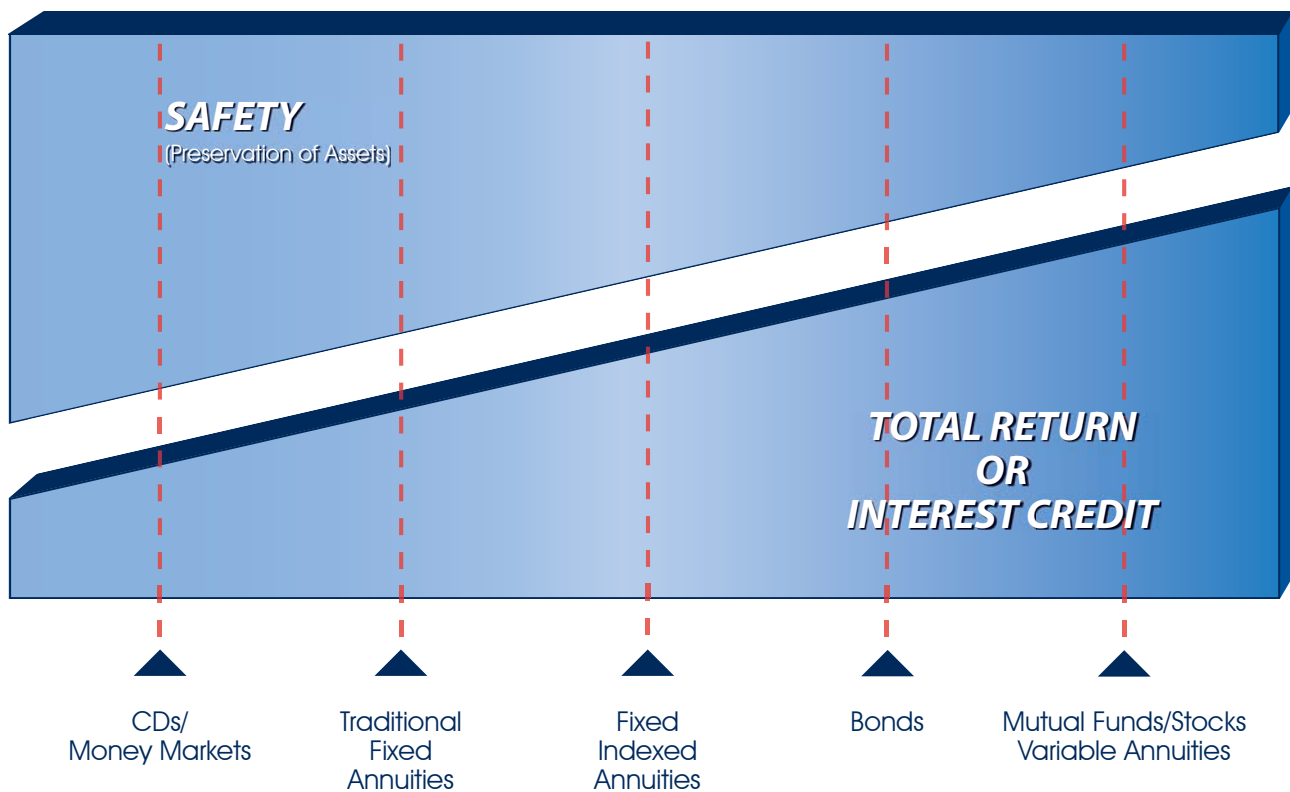


Other Important **BENEFITS**

- In annual reset annuities, a downturn in the market index will not hurt potential growth in following years
- Any adjustment applied (i.e. – Cap, Fee, etc.) can never cause the annuity to receive a negative interest credit
- Limited withdrawals **without** a surrender charge are available
- The Death Benefit may avoid the costs, delay and publicity of probate
- Several tax-favored income strategies are available, if desired

Taxable amounts withdrawn prior to age 59½ may be subject to a 10% IRS Penalty. Withdrawals in excess of the free amount may be subject to withdrawal charges and a market value adjustment that would reduce the value of your annuity. In addition, withdrawals may not be credited with index interest for that term. Product features including free withdrawals vary by insurer, product and state availability.

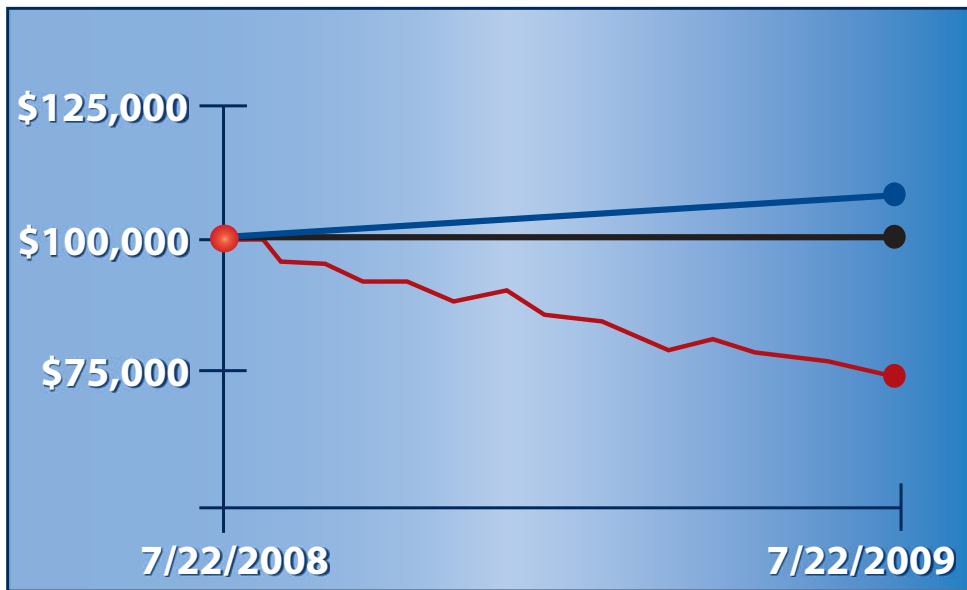
Choose the **Risk/Reward** Profile of Your Money!



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PROTECTION FROM RISK

S&P 500® Indexed-Linked Crediting Strategy in an Indexed Annuity



Source: Standard & Poor's®, a division of The McGraw-Hill Companies

S&P 500® Index

Interest Return: -25%

Accumulated Value: **\$75,000**

Indexed Annuity

Monthly Point-to-Point

Interest Credit: 0%

Accumulated Value: **\$100,000**

Fixed Annuity

Guaranteed Minimum Interest Rate: +3.50%

Accumulated Value: **\$103,500**

Current annuity rates and actual historical prices of the S&P 500® Index were used in this purely hypothetical example for the purpose of illustrating comparative values and to illustrate how each strategy might have performed using different assumptions, but the same index performance. It is not an indication of the future performance of any product or the Index. "S&P 500" is a trademark of The McGraw-Hill Companies, Inc. They do not sponsor, endorse or make any representation regarding the advisability of purchasing any products.

RECOVERING FROM MARKET LOSS

To match the Account Value of the fixed account, the following returns would be needed on the **\$75,000** remaining balance in the S&P 500®:

(\$75,000 was derived from assuming a \$100,000 initial premium after a 25% loss in Year One)

	S&P 500® Return Required to Recover 25% Loss	Annuity Fixed Account Value; \$100,000 (3.5% assumed)
1 Year Match	+ 42.83%	\$107,123
2 Year Match	+ 21.58% + 21.58%	\$110,872
3 Year Match	+ 15.23% + 15.23% + 15.23%	\$114,752

This sample calculation and all assumptions are purely hypothetical and are not an indication of any annuity's past or future activity. "S&P 500" is a trademark of The McGraw-Hill Companies, Inc. They do not sponsor, endorse or make any representation regarding the advisability of purchasing any products.



Types of Indexed Strategies

POINT-TO-POINT with CAP

- ⇒ Compare the beginning index value with the value on the same day next year to determine the percentage increase
- ⇒ Your interest credit, if any, is 100% of the index increase for the year, up to the cap rate%

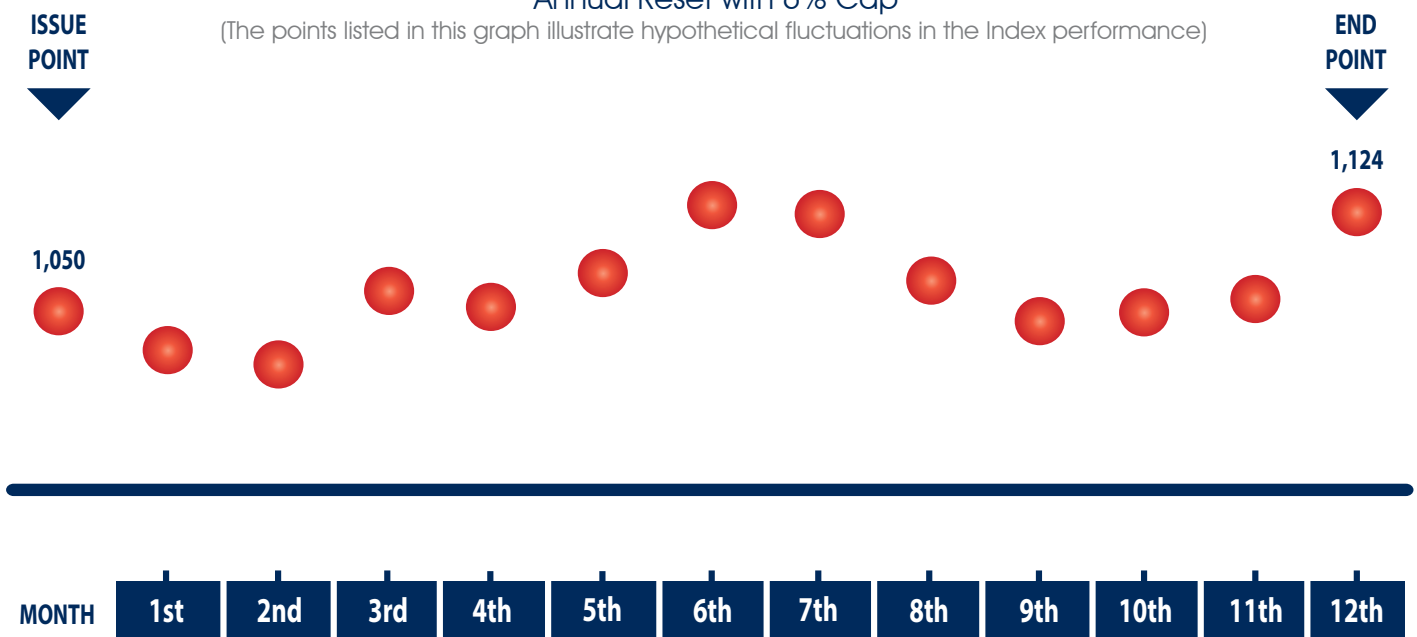
Caps are declared by the issuing company at the beginning of each term period and are subject to change. Current example uses a 6% cap. Actual cap may be higher or lower.

HOW THE INTEREST IS CALCULATED

Point-to-Point

Annual Reset with 6% Cap

(The points listed in this graph illustrate hypothetical fluctuations in the Index performance)



Start Point	1,050
End Point	1,123.5
Increase	$1123.5 - 1050 = 73.5$
Increase %	$73.5 \div 1050 = 7\%$
Cap %	6%
Interest Credit	6%

Next year's Start Point = 1,124

This sample calculation and all assumptions are purely hypothetical and are not an indication of any annuity's or the Index's past or future activity. Annuities contain limitations, including surrender charges, fees and a market value adjustment which may affect contract values. Caps are declared by the issuing company at the beginning of each term period and are subject to change. Current example uses a 6% cap. Actual cap may be higher or lower.



Types of Indexed Strategies

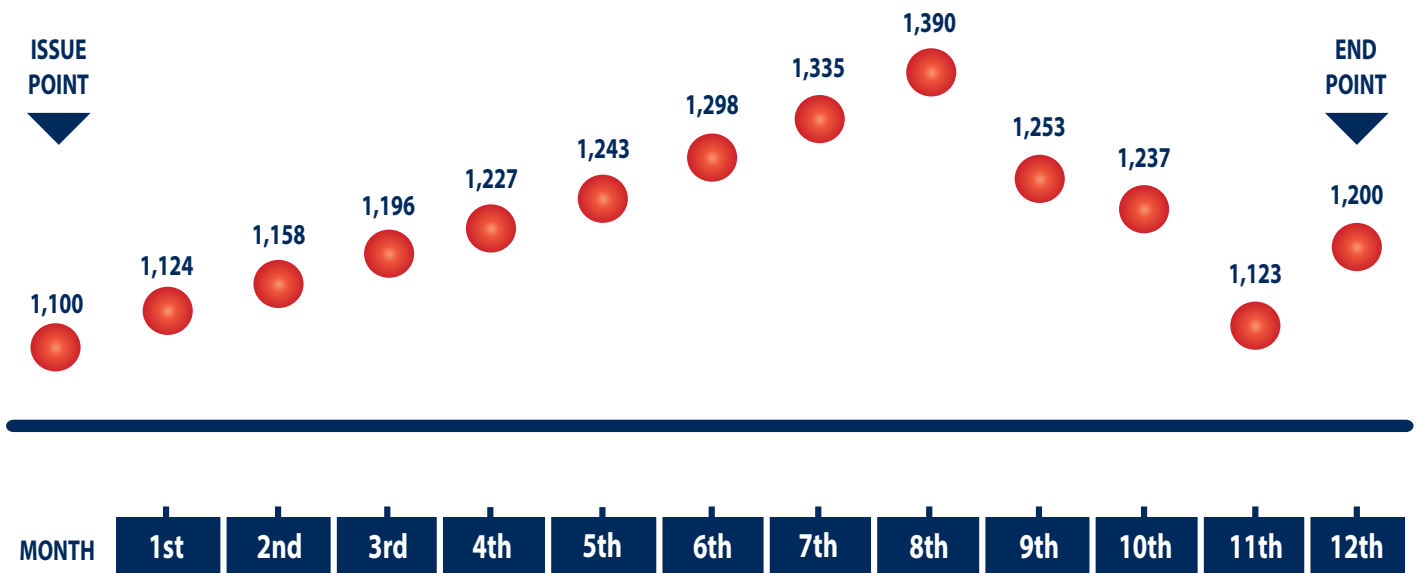
MONTHLY AVERAGING *with CAP*

- Compare the starting index with the average of the next 12 month's same day index values to get a percentage return
- Your credit is 100% of the average index percentage change for the year, less a fee or spread if applicable
- The interest rate cannot be less than 0%

HOW THE INTEREST IS CALCULATED

Monthly Average
Annual Reset with 7% Cap

(The points listed in this graph illustrate hypothetical fluctuations in the Index performance)



Sum of 12 Index Values	14,784
Average	$14,784 \div 12 = 1,232$
Starting Index Value	1,100
Gain	$1,232 - 1,100 = 132$
Gain %	$132 \div 1,100 = 12\%$
Interest Credit	Lesser of 7% or 12%

Next year's Start point = 1,200

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Types of Indexed Strategies

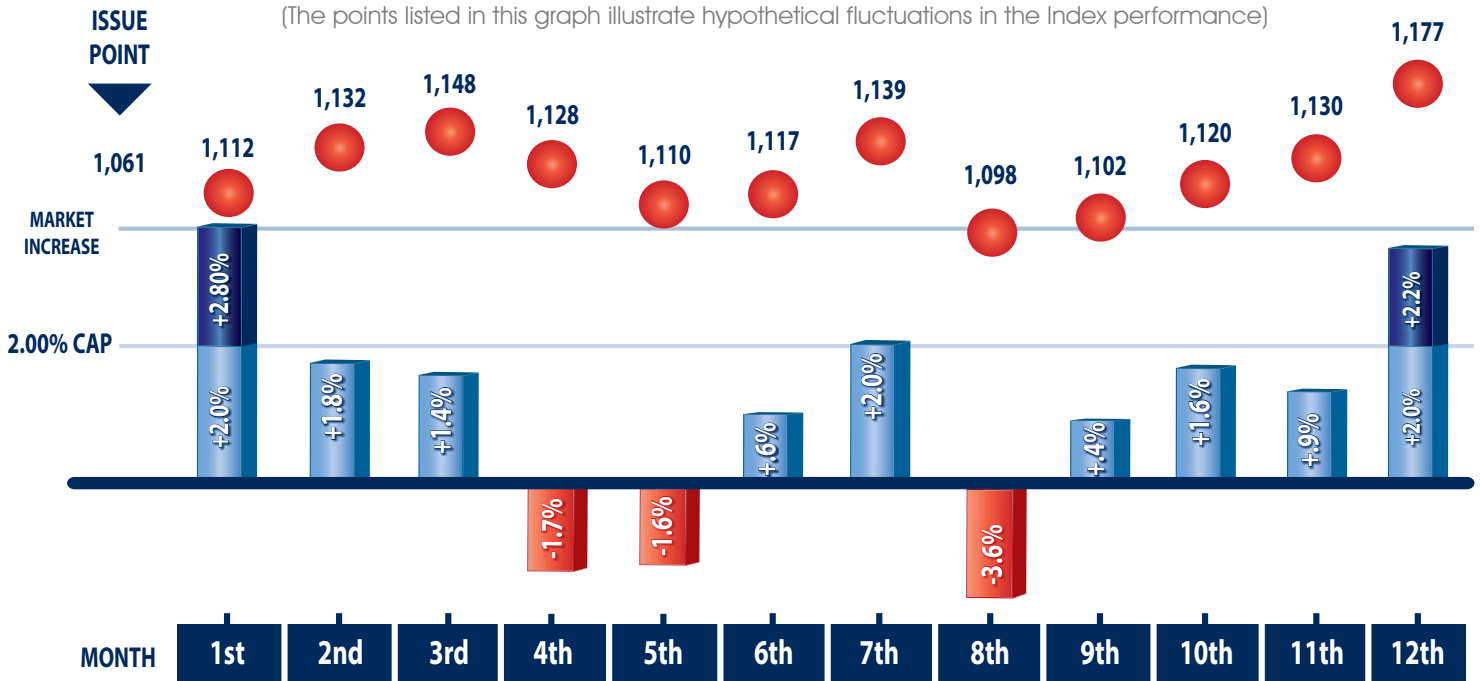
MONTHLY POINT-TO-POINT *with CAP*

- Compare the starting index values with the ending index value for each of the 12 months of the year to determine 12 percentages of change
- Limit each month percentage change increase to the declared cap percentage (each month percentage change decreases are uncapped)
- Add together all 12 monthly percentage changes
- The interest rate cannot be less than 0%

HOW THE INTEREST IS CALCULATED

Monthly Point-to-Point

100% Participation Rate/2.00%* Cap/Monthly Reset/Annual Reset
 (The points listed in this graph illustrate hypothetical fluctuations in the Index performance)



12 individual monthly performances are calculated for the contract year. In this instance, monthly performances that exceed 2.00% are reduced to 2.00% and the 12 monthly performances are added to determine a 5.8% gain for the contract year.

$$\text{Interest Credit Calculation} = 2.00\% + 1.8\% + 1.4\% (-) 1.7\% (-) 1.6\% + .6\% + 2\% (-) 3.6\% + .4\% + 1.6\% + .9\% + 2.00\% = 5.80\%$$

This sample calculation and all assumptions are purely hypothetical and are not an indication of any annuity's or the Index's past or future activity. Caps, fees, participation rates and spreads are declared by the issuing company at the beginning of each term period and are subject to change. Current example uses a 2% cap. Actual rates may be higher or lower.



How can your **Fixed Indexed Annuity** provide you with **INCOME?**

Annual Optional Free Withdrawals

Typically 10% annually without Withdrawal charges starting in year 2

Monthly Systematic Interest or Withdrawals

Free withdrawal amount paid monthly without charges

Annuitization

Elect from many Guaranteed Income Settlement Options

Guaranteed Lifetime Withdrawal Benefit*

Withdrawal payment amount guaranteed for LIFE

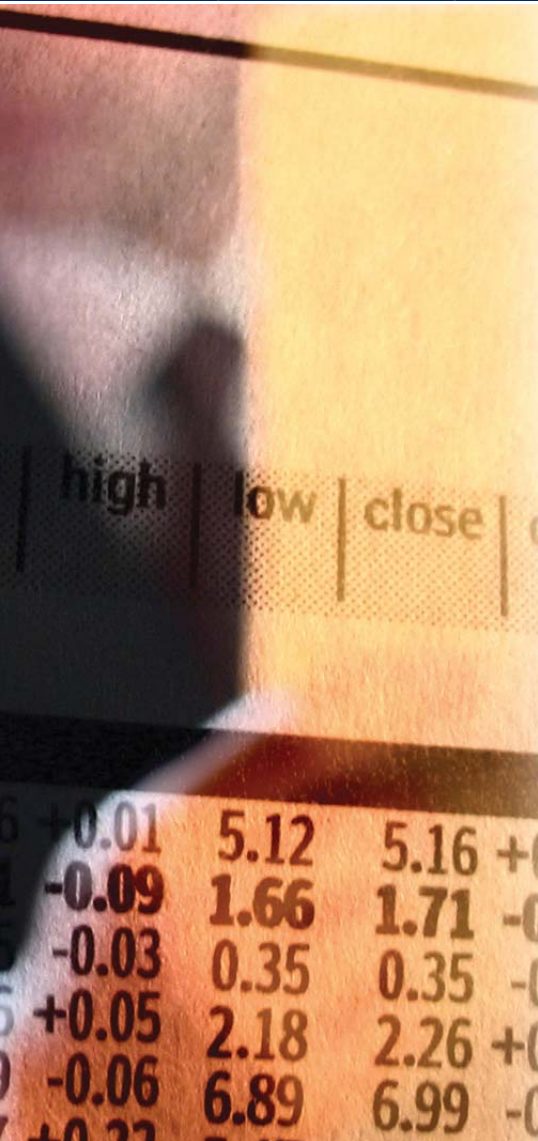
Beneficiary Income Options

Beneficiary may elect guaranteed income options

***This option is typically offered as an optional rider for an annual charge.**

All income options are subject to contract limits; availability may vary by insurance carrier or State.

Withdrawals are not credited with index interest for the term in which the withdrawal was taken. Withdrawals in excess of the free amount are subject to withdrawal charges and may also be subject to a market value adjustment. Any RMD is considered part of the free withdrawal for that year. Guaranteed lifetime income available through annuitization or the purchase of an optional lifetime income rider, a benefit for which an annual premium is charged. Guarantees provided by annuities are subject to the financial strength of the issuing insurance company; not guaranteed by any bank or the FDIC.



How do you know if a **FIXED INDEXED ANNUITY** is right for you?

The questions below may help you decide whether a Fixed Indexed Annuity meets your retirement planning and/or financial needs. You should consider what your goals are for the money you may put into an annuity, your other sources of income and financial resources and how much risk you are willing to accept.

- Do you have long-term objectives for this annuity?
- Is this annuity intended for present or future income?
- Is this annuity intended for unexpected needs or a beneficiary?
- Do you seek a stable accumulation value, guaranteed by the carrier?
- Are you interested in the possibility of competitive interest rates without direct market risk to your accumulated value?
- Do you have a conservative risk tolerance?
- Do you have other funds available to you in case of emergency?

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Questions you should ask your **AGENT** or **ADVISOR**

About Crediting and Terms

- What is the guaranteed minimum contract value?
- What is the range of possible interest rates for my contract?
- What charges, if any, are deducted from my premium?
- How long is the term?
- How is interest credited during the term?
- What is the participation rate, and how long is it guaranteed?
- Is there a margin, spread or administrative fee? Is that in addition to, or instead of, a participation rate?

About Withdrawals

- What annuity income payment options do I have?
- Can I get a partial withdrawal without paying charges or losing interest? Does my contract have vesting?
- What are the surrender charges or penalties if I want to end my contract early and take out all of my money?
- Does my annuity waive withdrawal charges if I am confined to a qualified care facility or diagnosed with a terminal illness?
- Is my annuity "required minimum distribution" friendly?
- What is the death benefit?

All product features, charges and rates described in the presentation, Understanding and Benefiting from Fixed Indexed Annuities, are not product or company specific. Please contact your agent or company representative to request information to a particular annuity. This material has been prepared for informational and educational purposes only. It is not intended to provide, and should not be relied upon for, accounting, legal or tax advice.

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