

Pursue Growth and Protection for Your Retirement Savings

Fixed Index Annuities





Build Your Retirement Savings

Building retirement assets takes years—and no one can predict exactly how the markets might perform. That's why a prudent retirement strategy often includes a variety of financial products. Some, like stocks and bonds, may help you maximize opportunity when markets rise. Others may provide your portfolio with added security because, along with growth potential, they offer protection from market decline.

Consider a Fixed Index Annuity for Principal Protection and Growth Potential

With a fixed index annuity:

- You have the potential to earn competitive interest rates through a process called index-linked interest crediting.
- Your contract value is protected because your contract can never lose principal value due to market declines.
- You have the option to receive retirement income when needed, including the option of guaranteed income for life.

Guarantees are based on the claims-paying ability of the issuing insurance company.

What Is a Fixed Index Annuity?

A fixed index annuity is a contract between you and an insurance company. You provide the insurance company with a purchase payment (or series of purchase payments), and in return you receive:

- A tax deferral on post-tax assets
- Safety of principal
- Growth potential without being invested in the market
- Access to your money
- The option of lifetime retirement income
- Beneficiary protection

Let's take a closer look at how these advantages can help you build your retirement.

Here is an example of how market performance over a number of years would affect a fixed index annuity.

When Markets Have Acted Like This over an Extended Period of Time	Fixed Index Annuities	Why?
Up	Potentially Gain	Market investments grow when the market rises. Fixed index annuities may earn interest when the index rises, subject to limits.
Down	Remain Even	Market investments lose when the market falls. Fixed index annuities remain unchanged when the index falls.
Up, Then Down	Potentially Gain	When markets rise and then fall back to their original levels, market investments do the same. Fixed index annuities may earn interest when the index rises and may lock in earned interest so there is no contract value loss when the index falls.
Down, Then Up	Potentially Gain	When markets fall then rise back to their original levels, market investments do the same. Fixed index annuities remain unchanged when the index falls, then may earn interest when the index rises.
Volatile	Potentially Gain	In a volatile market, market investments may be worth more or less than their original cost, depending on when the investor sells. Fixed index annuities may earn interest when the index rises and remain unchanged when the index falls, potentially capturing any interest along the way.

Note: The guarantees in a fixed index annuity are backed by the issuing insurance company. Ask your financial professional for information on how today's major independent ratings agencies rate your insurer's financial strength.

Note: IRAs and qualified plans, such as 401(k) and 403(b) plans, are already tax deferred. If you use an annuity in these types of plans, it should be to leverage its own features, such as guaranteed lifetime income, market protection, or death benefit options.

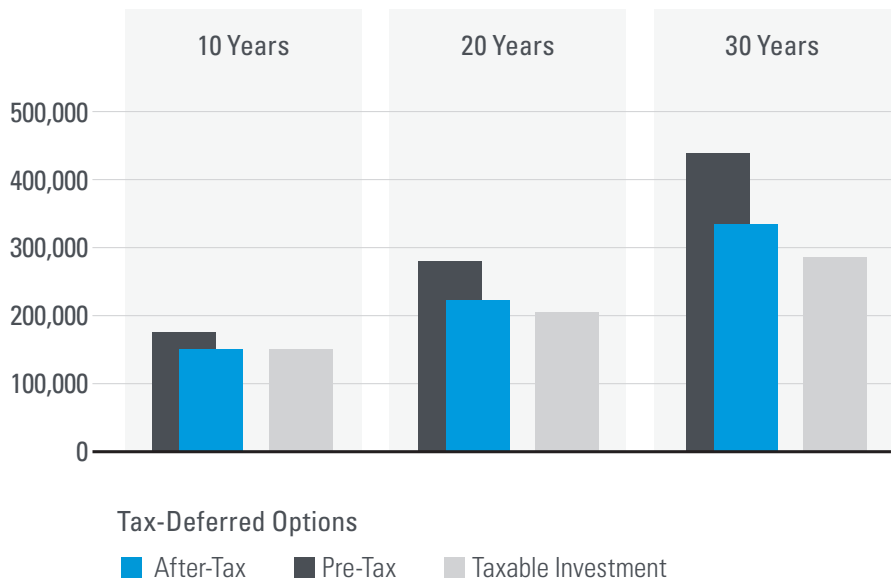
Note: Notice how time enhances the value of tax deferral. After 30 years, the \$100,000 has grown to \$432,194. Once taxes are paid on the lump-sum distribution, the after-tax amount is \$322,570—still much more than the \$268,729 accumulated in a taxable investment over the same time period.

Build Retirement Income Through Tax Deferral

Because a fixed index annuity is tax deferred, you pay no taxes on any interest your contract earns until you make withdrawals or convert your contract to a stream of guaranteed retirement income. As a result, while you're accumulating retirement assets, 100% of your interest earnings remain in your contract, enabling them to compound faster.

The longer you delay withdrawals, the greater the advantages of tax deferral. Below is a hypothetical illustration.

The Results of \$100,000 Compounded at 5% Annually



Assumes a 32% ordinary income tax rate assessed yearly on the taxable investment, and at period-end on the tax-deferred example. Actual tax rates may vary for different taxpayers and assets from that illustrated (e.g., capital gains and qualified dividend income). Actual performance of your investment will also vary. Lower maximum tax rates on capital gains and dividends would make the investment return for the taxable investment more favorable, thereby reducing the difference in performance between the examples shown. Consider your personal investment time horizon and income tax brackets—both current and anticipated—when making an investment decision.

Hypothetical returns are not guaranteed and do not represent performance of any particular investment. Your results may vary. If the charges of an annuity product were included, the tax deferred performance would be significantly lower.

A Choice in How Interest Is Earned

When a fixed index annuity is purchased, you can allocate your purchase payments among a variety of options that define how you earn interest and help your contract value grow.

You may allocate your entire purchase payment in one option or divide it among a variety of options. Your choices may include a fixed-rate crediting option and a selection of index-linked crediting options.

Fixed-Rate Interest Crediting

With fixed-rate interest crediting, your contract value will earn guaranteed rates of interest over specific periods of time. For example, let's say your contract guarantees a fixed rate for 12 months. For each 12-month period you hold your contract, the insurance company will declare a guaranteed interest rate that will not change for the year. This locks in the amount of interest your contract earns.

- Your contract will also provide a minimum guaranteed interest rate. The periodic interest rates set by your insurance company will never be less than this guaranteed minimum rate, no matter how long you own your contract.

Index-Linked Interest Crediting

Your contract may also offer several "index-linked" interest-crediting options. With index-linked crediting, the amount of interest you earn depends on the movement of a market index over a given period of time* (e.g., the Standard & Poor's 500® stock index**):

- During periods when the index rises, your contract value can increase.
- During periods when the index falls, you're protected. With most fixed index annuities, your account will never lose value due to an index decline.

Note: While fixed-rate interest crediting is the "most predictable" way to earn interest, index-linked interest crediting offers the potential for higher interest earnings. Talk to your financial professional for details. Remember that you may be able to allocate purchase payments between both of these options.

Note: Your contract may also provide a choice of indexes. For example, a contract may offer a domestic index, an international index, or the opportunity to allocate purchase payments between both.

*You're not directly invested in the index and do not receive dividends.

**S&P 500® is a registered trademark of Standard & Poor's Financial Services LLC. The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Index-Linked Crediting Options: A Closer Look

To better understand index-linked interest crediting, it's important to take a closer look at some of the available options, how they work, and the various formulas that may apply to determine the amounts of interest credited.

Option 1: Annual Point-to-Point

At the end of a specified time period, the price of the index is compared with its price at the beginning of that time period. If the price has risen, a positive percentage change equal to the index return is credited to the contract, up to a maximum amount called the cap. If the price has fallen or remains flat, your contract value remains stable, thereby locking in your interest earned along the way.

Note: Cap rates can be reevaluated on each contract anniversary.

Note:

- **Market increases are subject to a cap, while market decreases are not.**
- **Other monthly interest-crediting methods (such as monthly averaging) are available depending on the fixed index annuity you choose. Ask your financial professional for details.**

Option 2: Declared Interest

At the end of a specified time period, the price of the index is compared with its price at the beginning of that time period. If the price has risen or remains flat, your contract value is credited with a specific rate of interest. If it has fallen, your contract value remains stable.

Option 3: Monthly Sum

At the end of each year, the monthly increases in index price (up to the monthly cap) and decreases are added up. If the sum of the increases and decreases is positive, your contract value earns that sum of the interest. If it's negative or flat, your contract value remains stable.

Calculating the Maximum Interest-Crediting Amount

For index-linked crediting options, there's typically a formula used to determine the maximum amount of interest that can be earned during each time period.

While some products apply only one of these formulas, others may apply a combination of two or three. Before selecting a product, talk to your financial professional.

Formulas That Are Often Used Include:

1. Caps	Over the specified time period, the interest credited to your contract value will equal the upward movement in the index up to a limit or "cap."	Example: <ul style="list-style-type: none"> ▪ Cap set at 8% ▪ If index rises 6%, interest credited = 6% ▪ If index rises 9%, interest credited = 8%
2. Participation Rate		. . . modified by a participation rate.	Example: <ul style="list-style-type: none"> ▪ Participation rate set at 75% ▪ If index rises 10%, interest credit = 7.5% (10% increase x 75% participation rate)
3. Spreads		. . . decreased by a spread.	Example: <ul style="list-style-type: none"> ▪ Spread set at 4% ▪ If index rises 10%, interest credited = 6% (10% increase – 4% spread)



Additional Advantages of a Fixed Index Annuity

Your interest-crediting options are the guarantees that protect you from index decline, and are just some of the advantages offered by a fixed index annuity. Other available features include:

Access to Your Contract Value

When investing for the future, you might also want access to cash for unforeseen circumstances. Most fixed index annuities allow you to make partial or full withdrawals from your contract value. A period of time may be required after your contract starts before you can make a withdrawal. This waiting period will be specified in your contract.

Typically, if a withdrawal is made during your withdrawal charge period (e.g., if a six-year guarantee period was chosen, a withdrawal is made during the first six years), a withdrawal charge may apply. If withdrawals are made after your guarantee period, there will be no withdrawal charge. Most fixed annuities offer a free withdrawal amount of 10% per year.

A Choice of How to Receive Income

If you'd like to receive a steady stream of income, you'll be able to select from among guaranteed income options that include:

- Income guaranteed to last for your life
- Income guaranteed to last for two lives (you and another person)
- Income guaranteed to last for a specific period of time

Protect Your Spouse and Heirs

A fixed index annuity offers more than advantages just for you; it can also help protect the people you care about.

Protection Before Taking Income:

If you die before converting your contract to a guaranteed stream of income payments, your contract may provide a guaranteed minimum payment, or death benefit, to any individuals you name as beneficiaries.

Protection After Taking Income:

If you convert your contract to a stream of guaranteed income payments, you may be able to choose a payment option that provides lifetime income for your life and the life of another person. This gives you the opportunity to protect a spouse, a partner, or someone else of your choosing. If you die first, then that person will continue to receive guaranteed income for as long as he or she lives.

Note: Before taking a withdrawal, make sure you know how your contract treats withdrawals. In addition to potential withdrawal charges, the contract may also assess a market value adjustment for withdrawals. Depending on how external interest rates have performed, this adjustment may either increase or decrease your withdrawal amount.





Important Considerations for Fixed Index Annuities

Potential Benefits

- Principal protection with growth potential
- Opportunity to participate in a portion of market-based growth without being exposed to market risk
- Tax-deferred growth potential
- A choice of interest-crediting methods
- Range of income options, including income for life
- Potential financial legacy options for your beneficiaries

Considerations

- Annuities are long-term tax-deferred investment vehicles designed for retirement purposes
- Growth potential is limited
- You're not directly invested in the index and do not receive dividends
- Limited access to your contract value during the initial withdrawal charge period
- The potential for no interest earnings during some time periods if an index-linked option is chosen and the index return is negative or flat
- Interest earnings are taxable as ordinary income upon distribution
- A 10% IRS penalty may apply in certain situations where distributions are taken before age 59½; for non-qualified contracts, an additional 3.8% federal tax may apply on net investment income
- All guarantees are subject to the claims-paying ability of the issuing insurance company; if the insurance company becomes insolvent, you could lose all or portion of your future guarantees



If you are currently in or nearing retirement and looking for growth potential with protection from market declines, a fixed index annuity may be appropriate for a portion of your retirement assets.

Talk to your financial professional about how a fixed index annuity may fit into your overall retirement strategy.

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