



FIXED ANNUITIES & RIDERS

EXPLAINED

WHAT ARE FIXED ANNUITIES?

A Fixed Annuity is a contract between you and an insurance company designed to help you reach your long-term financial and retirement goals. Your money is not directly invested in the market and therefore is not subject to the risk of market losses.

Fixed Annuities guarantee a minimum rate of growth, provide penalty-free withdrawal options throughout the contract term and full liquidity at the end of the term. They can provide you with a guaranteed income stream starting immediately or at some time in the future.

BENEFITS OF FIXED ANNUITIES

Tax Deferral: Under current federal income tax laws, any interest in your Fixed Annuity is tax-deferred. You pay ordinary income taxes on your investment only when you begin receiving money from your contract. Most likely you will be retired by the time you begin taking this income and in a lower tax bracket than you were while earning the money.

Guaranteed Interest: Fixed Annuities offer a guaranteed interest rate that is competitive with other long-term financial vehicles. Since the interest your annuity earns is tax-deferred, it may accumulate assets faster.

Protection: Fixed Annuities offer you a level of protection you may find reassuring. That protection can benefit you in three separate ways:

- **Accumulation:** Your principal and credited interest is protected.
- **Guaranteed Income:** You can be protected from the possibility of outliving your assets.
- **Legacy:** If you pass away, a Fixed Annuity can help provide for your loved ones.

PRODUCT OPTIONS

Choosing the right accumulation vehicle for retirement can be difficult. With so many choices, which product will be right for you? On one hand, you want the safety and guarantee of premium and credited interest rates. On the other hand, you might want the potential of higher returns by being linked to the market.

Now you can have the best of the both worlds, guarantee of premium and the potential of market-linked growth with no risk of loss of premium due to market downturns. This is available through a Fixed Indexed Annuity.

THE GAME OF ROULETTE

In the game of Roulette, if you place \$1 on black and the ball lands on black you win \$1, essentially doubling your money. However if the ball lands on red, you lose all your money. This is a risk most people cannot afford to take with their retirement money.

What if there was a game that when you place \$1 on black and the ball lands on black, you would win 50¢ for a total of \$1.50? However, if the ball lands on red you would not lose your \$1, you would keep it plus what you have already earned every time the ball lands on red. Is that a game you would want to play?

FIXED INDEXED ANNUITIES

With a Fixed Indexed Annuity, you participate in a portion of the gains; however, you bear none of the risk. This is similar to the game mentioned above. If the market goes up you would receive a portion of the increase credited to your account; but, if the market goes down you would not lose a penny of your original investment or the earning that have



been credited to your account. Fixed Indexed Annuity premiums are not invested directly in the stock market or in individual stocks. This allows you to benefit from the potential gains of the market without direct participation. In contrast to a securities-type product or mutual fund where the investor bears the market risk, the Fixed Indexed Annuity concept insulates you from any risk of loss of premium due to market downturns.

WHAT IS INDEXING?

Indexing is simply an investment strategy that follows the performance of well-known market indices. With indexing, the interest credits you earn are linked in part to the value of these indices. Regardless of the index performance, your interest credits will never be less than zero.

INDEXING EXAMPLE

Below is an example of how a Fixed Indexed Annuity protects your money from market volatility. The blue line represents the annuity value and the red line represents the market value.

Year 1: When the market goes up the annuity participates in a portion of the gains.

Year 2: When the market goes down the Annuity value stays the same.

Year 3: If the market goes up the annuity will not have to recover from market losses before earning again.

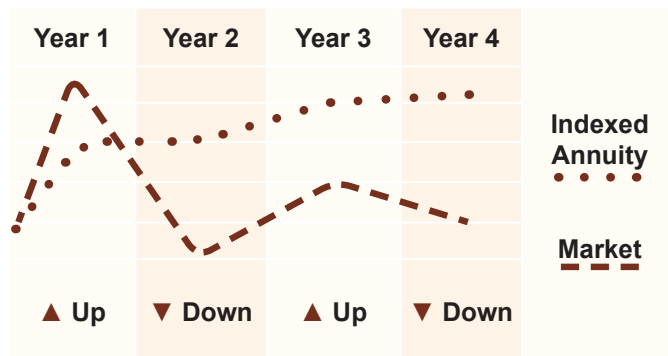
Year 4: If the market goes down, the annuity value stays the same - no loss.

LIFETIME INCOME RIDERS

Take control of your financial security by creating your own personal pension plan with a Guaranteed Lifetime Income Rider. This is an optional rider that can be added to most Fixed Indexed Annuities and some Traditional Fixed Annuities. The Income Rider value grows at a specified rate separate from the annuity value. The rider will continue to grow for a specific period of time or until activated, the value serves as a basis for the income calculation. Once activated, the rider will provide a *lifetime* payment guaranteed. The annuity account value will continue to grow and income payments are subtracted from the annuity value like a withdrawal. If the annuity value is depleted, the Income Rider payments will continue for life.

SPOUSAL CONTINUANCE OPTIONS

Some Income Riders offer a joint payment option, allowing your payments to continue as long as both you and your spouse are living. This feature can provide peace of mind that neither one of you will run out of money as long as you live. Income Rider features will vary by product so it is important to understand the benefits offered by the annuity contract you choose.





INCOME RIDER EXAMPLE

- A person age 55 invests \$100,000 into a Fixed Annuity with an 8% Premium Bonus.
- Add an Income Rider growing at 6.5% compounding interest rate. The rider value will grow to \$202,730 over 10 years.
- If the Income Rider is activated after 10 years at age 65, based on a 5% withdrawal percentage it will pay \$10,136 each year guaranteed for life.
- Compare this to an alternate investment growing at an estimated 3% compounded rate, by taking the same withdrawal at age 65 the money will run out at age 80.

Investment	Index Annuity Rider Value	\$100,000 Growing at Estimated 3% Rate
Value after 10 years	\$202,730	\$134,392
Annual withdrawal amount at age 65	\$10,136	\$10,136
Guarantees	Guaranteed for Life	Runs out at age 80

ENHANCED DEATH BENEFIT RIDERS

You may have funds designated to pass on to your beneficiaries. If you are in this fortunate position you should consider choosing an Annuity that offers an Enhanced Death Benefit Rider. These optional riders can increase the amount that will be passed onto your beneficiary. They provide a guaranteed growth percentage to your premium that will be paid out at death. The amount paid to your beneficiaries will be the greater of your annuity account value or your enhanced Death Benefit Value.

ACHIEVE YOUR RETIREMENT GOALS

It's up to you to take control of your own future. Understanding Fixed Annuities and Riders available will allow you to make informed decisions, help you to protect your hard earned money and achieve your retirement goals.