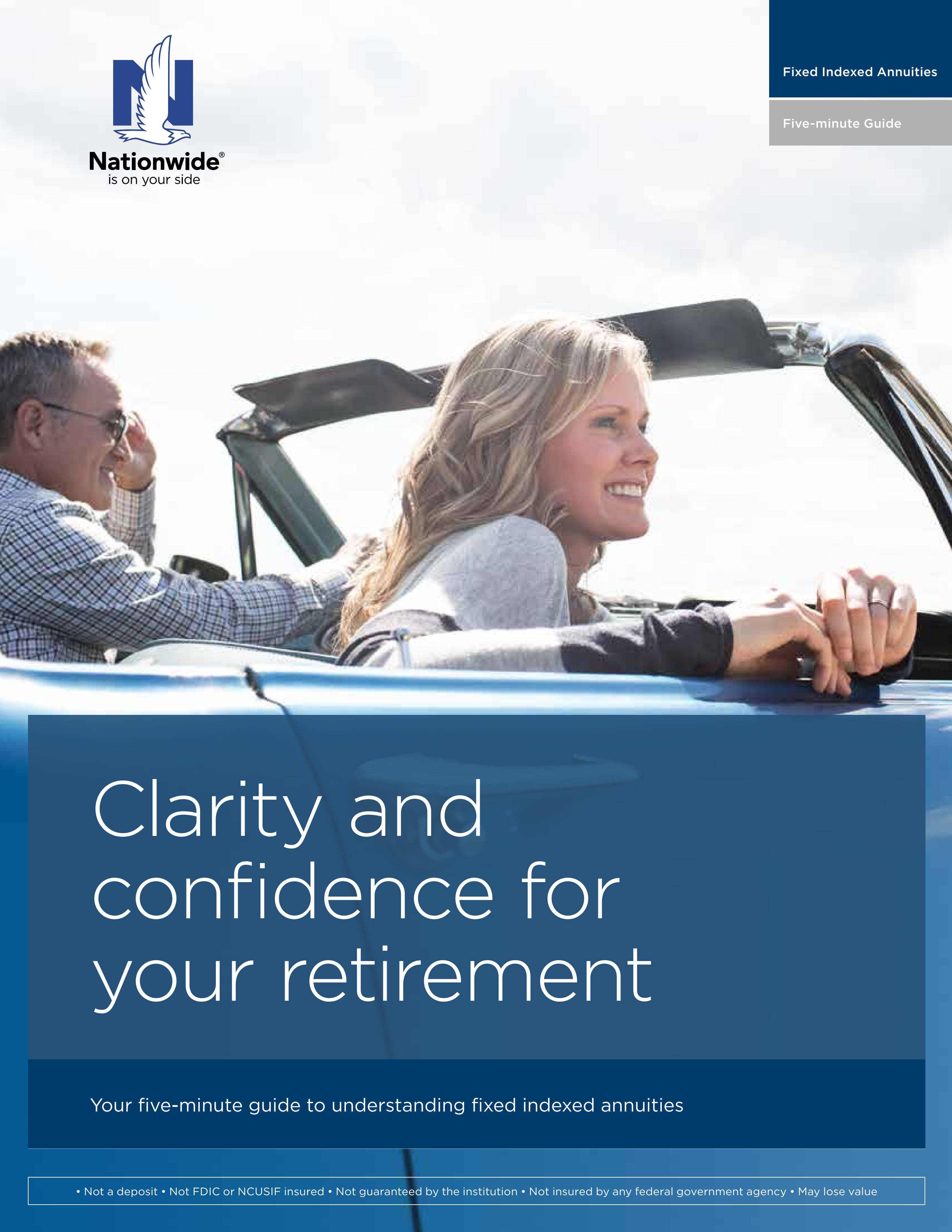


Fixed Indexed Annuities

Five-minute Guide

Clarity and confidence for your retirement

Your five-minute guide to understanding fixed indexed annuities

Overcome the retirement dilemma.

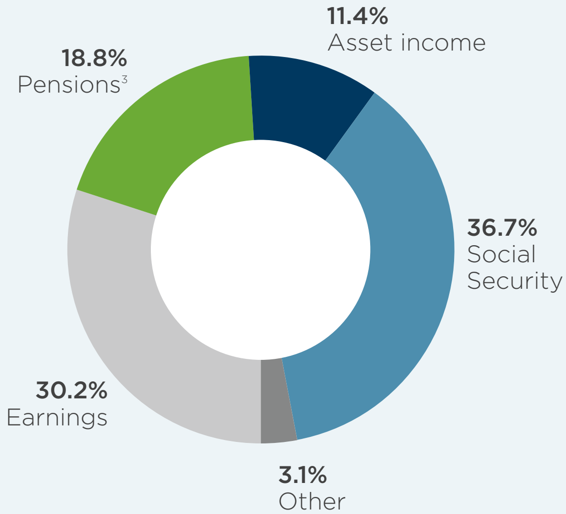
Like many people, you may be frustrated with investments that offer low growth potential. But as you edge closer to your retirement years, you may be equally concerned about market volatility and the associated risks.

Today, the combination of growth potential and principal protection is more important than ever, especially as life expectancies increase and the burden of funding retirement continues to shift to the individual.[1]

Probability of living from 65 to various ages[2]

65	80	85	90	95	100
	82%	69%	50%	27%	9%
	85%	75%	57%	35%	14%
	97%	92%	79%	52%	22%

Sources of retirement income



Fortunately, this guide can help. It covers the features and benefits of fixed indexed annuities, which offer an encouraging new approach to planning for your retirement.

[1] Income of the Aged Chartbook, 2010 Social Security Administration, Office of Research, Evaluation and Statistics (October 2010).

[2] Based on the Annuity 2012 Generational Mortality Table.

[3] Pensions include defined benefit and defined contribution plans.

How you may benefit.

As you prepare for retirement, you'll be looking for a way to grow your assets and protect your Investment from a potentially volatile market.

A fixed indexed annuity offers several important features that can help you accomplish these goals. It could help alleviate your concerns about market volatility while also addressing the challenges associated with funding your retirement.

What you should know about fixed indexed annuities.

- A fixed indexed annuity is a contract you buy from an insurance company to help you accumulate assets for retirement; it offers returns based on the changes in a securities index, such as the S&P 500® Composite Price Index, or in some instances, multiple indexes
- It's important to note that with a fixed indexed annuity, you will not be directly participating in a stock or equity investment; so, regardless of index performance, your principal will never be impacted by negative index returns
- Fixed indexed annuities may also provide guaranteed lifetime income, whether through the purchase of an optional rider (at an additional cost) or through annuitization; the latter, which is offered at no additional cost, is a process that converts the accumulated value into a guaranteed stream of income; once payments begin, that income is irrevocable
- Any guarantees are subject to the claims-paying ability of the issuing company
- There are two phases within an annuity contract: accumulation and distribution
    - The accumulation phase begins immediately after you purchase an annuity; during this time (which can vary but is generally between five and 10 years), your annuity earns interest
    - Once the accumulation phase is complete and you enter the distribution phase (the time when you choose to begin receiving income payments), you can select the method of distribution that best suits your needs

Helping you reach long-term financial goals.

Fixed indexed annuities offer several noteworthy features and benefits that may help you plan for and live in retirement. This includes growth potential, which helps you accumulate assets, as well as the principal protection you need to preserve what you've accumulated. Those assets can then be turned into income during your retirement years, or you can pass on a financial legacy to the people who matter most.

Principal Protection

When you purchase a fixed indexed annuity, the principal is immediately protected from negative performance in the underlying index.

In addition, any earnings that are credited to your account throughout the life of your annuity are also protected.

With that in mind, it's important to understand that annuities are subject to surrender charge periods, which range in length. This is the amount of time you must wait until you can withdraw[4] funds without incurring a penalty, also known as contingent deferred sales charges (CDSC[5]). As long as you adhere to the terms of the surrender charges outlined in your annuity contract, you will not lose any of your principal.

If an optional rider is selected, there may be charges associated with the rider that could also reduce your principal.

[4] Remember that withdrawals may be subject to regular income tax and a 10% early withdrawal federal tax penalty if taken prior to age 59½.

[5] In CA, CDSC is called a surrender charge.

Growth Potential

You may accumulate earnings based on the changes in the index.

In a fixed indexed annuity, your money may be allocated between a fixed account that earns a guaranteed rate of interest and an indexed account that credits earnings to your annuity based on the performance of an underlying index or indices. Although your principal and credited earnings cannot be negatively affected due to the performance of the index, it may accumulate earnings based on positive performance in the index:

- A crediting method[6] is used to track the performance of the index, and any earnings are calculated at the end of the term
- A positive result calculated at the end of the term results in indexed earnings credited to your account
- These earnings, which may be subject to a fee or spread, are locked in and protected from loss moving forward
- If the result is negative, no earnings will be credited, but your annuity will not decline in value; see page 6 for additional information

Lifetime Income

You may elect to receive income payments and also cover your spouse's income after you're gone.

Once you've decided to start taking distributions from your fixed indexed annuity, you'll need to determine how you'd like to receive your income. Most fixed indexed annuities offer income options through annuitization or an optional lifetime income rider, which is available for an additional cost.

Depending on the method you choose, your payments may vary, and in some instances, the longer you wait to start taking income, the higher your payments may be.

Annuitization

This is the process of converting an annuity investment into a guaranteed stream of income payments during your lifetime or for a specific period of time. Once payments begin, the process is irrevocable. Some FIAs will not allow annuitization until certain ages are attained, and income can vary from month to month, based on the value of your contract.

Lifetime Income Riders

An optional lifetime income benefit rider — available at an additional cost — can provide a guaranteed stream of lifetime income for you and, if elected, your surviving spouse. As long as you adhere to the rider withdrawal limits, lifetime income payments are guaranteed to continue for your life and the life of your spouse, if applicable, following your death.

It's important to note that not all fixed indexed annuities offer living benefit riders.

[6] The crediting method allows you to determine the percentage based on the performance of the index and the percentage allocated to a fixed account, if available.

Understanding the crediting methods.

A wide range of methods exist to determine the amount of earnings that will be credited to your annuity. Your financial professional can explain the advantages and disadvantages of each of these in greater detail.

Point-to-point:

This method compares the change in the index at two designated times, typically the beginning and ending dates of the term. Earnings are credited based on that change.

Monthly sum:

This method tracks and adds together the monthly increases or decreases in the index values. The sum plays a role in determining the index earnings that are credited to the annuity.

High-water mark:

With this method, the index value is observed at various points throughout the term. This usually occurs on an annual basis. The earnings are calculated based on the difference between the highest index value and the index value at the beginning of the term. Earnings are then credited at the end of the term.

Monthly average:

Monthly index values are added together and divided by 12 to obtain the average. That average is then deducted from the starting index value to arrive at the positive or negative change in the index. This amount is divided by the starting value, which determines the percentage of earnings that will be credited to the annuity.

A closer look at indexed earnings calculations.

Fixed indexed annuities offer the potential to accumulate earnings based on the performance of the underlying index.

Listed below are several different factors that can impact the calculation of earnings:

- **Cap:** Placing a cap on the amount of index performance used to calculate earnings during a specified time period; if the index you choose exceeds that cap, then the cap will be used to calculate your earnings; if the index goes up less than the cap, then 100% of the index performance will be used to calculate your earnings
- **Participation rate:** Establishing a participation rate, which determines what percentage of the index increase will be used to calculate your earnings
- **Fee/Spread:** Determining the index earnings after subtracting a fee or spread, which is an annual percentage rate that may be deducted when calculating the earnings
- **Automatic reset:** This occurs at the end of each term; the ending value becomes the starting value for the next term; this feature also locks in any earnings received during that time period

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Your next steps.

Talk with your financial professional to see how a fixed indexed annuity could work with your retirement goals.

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