Benefiting from Fixed Indexed Annuities

Safety and Tax-Deferral for Your Retirement Planning.

Safety of principal and any interest earned with potential index credit are some of the reasons Fixed Index Annuities have enjoyed such popularity as an alternative to bank CDs, mutual funds and bonds.

Common Priorities of Senior Citizens

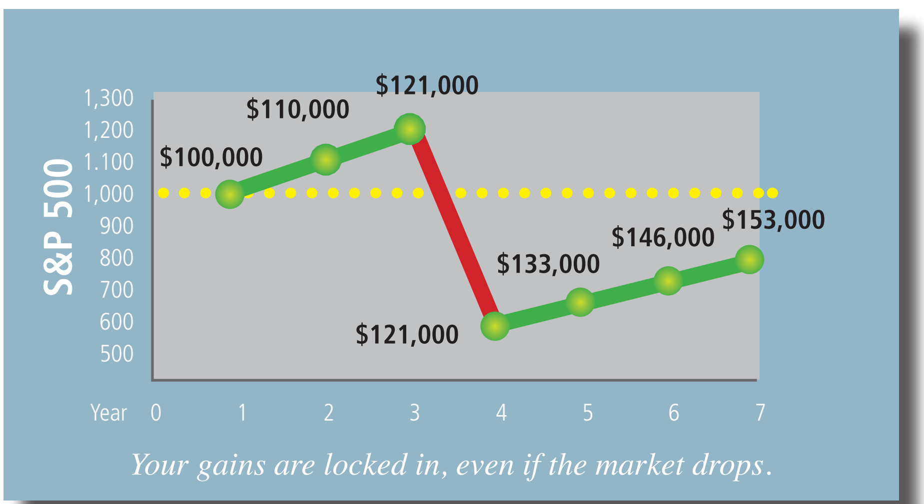
1. Preserve financial independence
2. Avoid depending on family members for your care
3. Protect your assets and have an estate for your heirs
4. Be seen as a blessing to your loved ones, not a burden
5. Maintain your wealth created over a lifetime
6. Assure that you have access to quality care
7. Avoid leaving a legacy of debt to your spouse or children

What is a Fixed Index Annuity?

A Fixed Index Annuity is a fixed annuity, either immediate or deferred, that earns interest or provides benefits that are linked to an external market index. A market index is an unmanaged group of stocks or bonds that represent a segment of the investment market. Investors cannot invest directly in an index.One of the most commonly used indices is Standard & Poor's 500 Composite Stock Price Index (the S&P 500), which is an equity index. The value of any index varies from day to day and is not predictable.

When you buy a fixed index annuity, you own an insurance contract. You are not buying shares of any stock of the index.

If the market index goes up, you get interest tied to the market index, depending upon the annuity's interest calculation method. If the market goes down, your credited interest and principal stays exactly where it was when the market goes down, protecting your principal and interest from any loss. Indexed annuities are designed to meet retirement and other long-term goals. They are not suitable for meeting short-term goals because substantial taxes and surrender charges may apply if you withdraw your money early. Here's an example of how it works with an initial $100,000 premium:

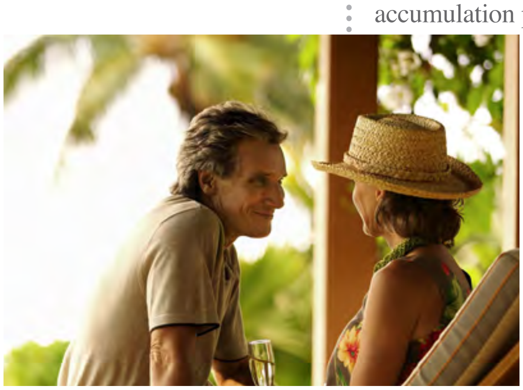


Your gains are locked in, even if the market drops.

This hypothetical example is provided for illustrative purposes only using one type of calculation method. It is not intended to represent the performance of any specific product.

A Fixed - Index Annuity can provide income for as long as you live.

One of the most important benefits of deferred annuities is the right to use the value built up during the accumulation period to provide income payments during the payout period. While income payments are usually made monthly, you can often choose more or less frequent payments. The size of income payments is based on both the accumulated value in your annuity and the annuity's "benefit rate" that is in effect when income payments begin.



The insurance company uses the benefits rate to compute the amount of income payment it will pay you for each $1,000 of accumulated value in your annuity. The benefit rate usually depends on your age and sex, and the form of annuity payment you have chosen. You can usually choose from many forms of annuity payments. You might choose payments that continue as long as you live, or as long as either you or your spouse live, or payments that continue for a set number of years.

Your tax is deferred and interest compounded.

Federal income tax on interest accumulated in an annuity is deferred until you take the interest out of the annuity. You may be required to pay taxes then on the tax-deferred accumulation. You may have to pay a tax penalty if you withdraw the accumulation before you are age 59½. However, during the accumulation period, you will be earning interest on money that you would otherwise have used to pay taxes. Tax-qualified annuities are subject to different rules. In any case, you should consult your own tax advisor.

The good news is that we're living longer. The challenge we face is not outliving our income.

How flexible is a Fixed-Index Annuity if you have to withdraw money for some emergency?

Your annuity may have a limited "free withdrawal" provision. This lets you make one or more withdrawals without charge each year. The size of the free withdrawal is limited to a set percentage of your annuity's guaranteed principal. If you make a larger withdrawal, you may pay withdrawal charges. You may also lose index-linked interest on amounts you withdraw.

Most annuities waive withdrawal charges on withdrawals made within a set number of days at the end of each term. Some annuities waive withdrawal charges if you are confined to a nursing home or diagnosed with a terminal illness. You may, however, lose index-linked interest on withdrawals.

Common mistakes consumers are making today:

1. Underestimating how much income they'll need after they retire.

2. Underestimating how long they'll live.

3. Overestimating how much they can withdraw from their portfolio without depleting it.

Death benefit provisions

Annuities provide a variety of death benefits. The most common death benefit is either the guaranteed minimum value or the value determined by the index-linked formula.

Is a Fixed-Index Annuity right for you?

The questions listed below may help you decide which type of annuity, if any, meets your retirement planning and financial needs. You should consider what your goals are for the money you may put into the annuity. You need to think about how much risk you're willing to take with the money. Ask a qualified financial professional to help determine these questions, then formulate a game plan to fit your retirement goals:

- How long can I leave my money in the annuity?
- What do I expect to use the money for in the future?
- Is a guaranteed interest rate more important to me, with little or no risk of losing the principal? Or, am I somewhere in between these two extremes and willing to take some risks?

Guarantees are based on the financial strength and claims paying ability of the Life Insurance Company.