Simply Speaking
variable annuities
If you’ve opened this guide, most likely you’re thinking about your retirement and asking yourself some basic questions.

- Can I afford to retire when I choose?
- How can I ensure I don’t outlive my retirement assets?
- How can I generate predictable income to cover my basic expenses?
- Should a variable annuity be part of my retirement portfolio?

These are all smart questions to ask, particularly with recent market volatility still fresh in many people’s minds.

Accumulating retirement assets is important, of course, but equally important is understanding how to make those dollars last throughout your retirement.

This guide is designed to help you evaluate if an annuity makes sense as part of your long-term retirement plans.

While there are a number of different types of annuities, this guide will focus specifically on tax-deferred variable annuities (VA). Variable annuities can help protect your principal, generate predictable income and address your legacy needs. In fact, VAs are one of the only investment products to offer guaranteed lifetime income.

This guide offers straight talk about variable annuities. It’s not an argument for or against them because no product is right for every situation or everyone. Nor does it promote any specific company’s product. However, it does attempt to clear up common misconceptions you may have about variable annuities.

We hope this guide helps you have a more informed conversation with your financial advisor about your overall retirement planning needs and whether an annuity should play a supporting role in those plans.

This material is intended to provide educational information and is intended for use with the general public. It should not be considered, and does not constitute, personalized investment advice. The issuing insurance company is not an investment adviser nor registered as such with the SEC or any state securities regulatory authority. It’s not acting in any fiduciary capacity with respect to any contract and/or investment.
Before you begin

For simplicity, a “variable annuity” will be called a “VA” throughout this guide. Other terms that might be considered financial jargon are shown in italic type and will be followed by their definition.

VAs can be purchased on a qualified or nonqualified basis, a difference that impacts the amount you can invest and tax treatment. A discussion of VAs in qualified plans appears on pages 14 and 15.

What’s the difference

Federal tax rules treat Qualified\(^1\) and Nonqualified VAs differently as to:

1. How much money you can contribute each year
2. Whether the contributions are tax deductible
3. How withdrawals are taxed\(^2\)

Qualified VAs, which are purchased as part of an IRA, 401(k), 403(b), etc., allow you to save on a pre-tax basis. However, the amount you may contribute to these plans each year is restricted.

Nonqualified VAs must be purchased with after-tax dollars, but you may contribute as much as you want.

It is important to point out that VAs are not insured by the FDIC, nor any federal government agency. They are not a deposit of, nor guaranteed by, any bank. Also VAs may lose value.

\(^1\) If you are investing in a VA through a tax-advantaged retirement plan such as an IRA, you will receive no additional tax advantage from the VA. Under these circumstances, you should only consider buying a VA if it makes sense because of the VA’s other features, such as lifetime income payments and death benefit protection.

\(^2\) Earnings from a nonqualified VA are taxable upon withdrawal. Generally, withdrawals from qualified VAs are taxable.
VAs may appear somewhat complex because they offer both investment and insurance protection features all in one product. But this is one of their main attractions. This guide will introduce you to these features and their benefits. Your investment representative can further explain the details and help you determine if a VA fits into your overall retirement plan.
What is a VA?

A VA is a contract in which you agree to pay premiums to an insurance company in exchange for a future income stream, typically in retirement.

Generally speaking, it has two phases:

1. **Accumulation** – when you invest in your contract and seek growth
2. **Payout** – when you receive retirement income distributions

Not only do VAs offer you flexibility in both the accumulation and payout phases, they also offer options that can help protect your investment from market declines.

In addition, VAs can provide guaranteed income you can’t outlive, as well as offer a death benefit to help you provide for your beneficiaries.¹

**Basic features include:**

• Tax-deferred growth¹
• Choice of professionally-managed investments
• Protection benefits²
• Choice of payout options
• Death benefit³

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Guarantees are based on the claims-paying ability of the issuing insurance company and assume compliance with the product’s benefit rules, as applicable. Early surrender charges may also apply.

¹ Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if made prior to age 59½, may also be subject to a 10% federal income tax penalty.

² All optional income and death benefit features are available for an additional charge.

³ Death benefit proceeds may be subject to ordinary income tax.
VA features

Access to professional money management
When it comes to investing for your retirement, growing your assets should be a top priority. After all, you may be counting on this nest egg to help you live the lifestyle you wish to enjoy for 20 to 30 years or more. You should have confidence in your VA’s money managers — their reputations and ability to pursue superior investment results.

What to look for in a quality money manager:
• Specialized focus on money management
• A culture of rigorous, in-house research
• Portfolio managers with many years of experience
• Strong track record of performance
Your VA should give you access to an experienced staff of full-time professionals who use their own in-depth research and expertise to make well-informed investment decisions.

Choice and flexibility
Most VAs offer investment options managed by two or more money management firms. Each manager may contribute a particular specialty or style to the mix of available investment choices. Choosing more than one money manager may help you diversify your investment portfolio and give you access to some of the best minds in the investment business.

VA investment choices are called subaccounts. These investments typically include stocks, bonds and money market accounts. The typical VA offers more than 50 subaccounts. Choices include domestic and international small-, mid- and large-cap investments, which usually range in management style from value to growth. Within a VA, subaccounts often range in management styles and risk exposures. Many annuities also offer an investment choice that provides a guaranteed interest rate. This wide selection gives you flexibility to customize your investment portfolio to your objectives and tolerance for risk.

Getting started

Starting a VA and investing additional amounts can be affordable.

**Low minimums**

<table>
<thead>
<tr>
<th>Initial investment</th>
<th>Additional investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum: $1,000*</td>
<td>Minimum $500*</td>
</tr>
<tr>
<td>$50**</td>
<td></td>
</tr>
</tbody>
</table>

* Generally, lowest industry minimum available; some VAs set higher requirements, such as $10,000 or more for the initial investment.

** Tax-free transfers**

Most VAs allow you to move money from one subaccount to another, tax-free. So, if your investment outlook changes, you can change subaccounts in your contract without incurring taxes or charges. This benefit keeps all of your VA investment dollars working full time. In contrast, when you buy or sell investments (stocks, bonds, mutual funds, etc.), you pay taxes on any gains and may incur fees for each investment transaction. Your VA contract will spell out the maximum number of transfers you’re allowed each year. Many let you make as many as 20 per year.

**Unlimited contributions**

Generally with a nonqualified VA, how much you invest and how often you contribute are entirely up to you (subject to contract and IRS guidelines).

**This feature may be helpful if:**

- You’ve maximized contributions to retirement accounts such as 401(k)s or IRAs
- You need to increase your savings to supplement limited sources of retirement income
- You’ve started saving late for retirement
- You’ve received a windfall, such as an inheritance, and want to invest some, or all, for your retirement
Federal income taxes are one of life’s certainties. But when you pay them may give you a financial advantage. With tax-deferred (vs. taxable) investing, instead of paying income taxes on your earnings each year, you get to keep that money invested in your VA. There, it can continue to work for you, compounding earnings on the money Uncle Sam usually takes. Additionally, you may be in a lower tax bracket when you take the income in retirement.

“Tax deferral isn’t an advantage because you’ll pay income taxes on the gains when you retire anyway.”

Simply Speaking

Federal income taxes are one of life’s certainties. But when you pay them may give you a financial advantage. With tax-deferred (vs. taxable) investing, instead of paying income taxes on your earnings each year, you get to keep that money invested in your VA. There, it can continue to work for you, compounding earnings on the money Uncle Sam usually takes. Additionally, you may be in a lower tax bracket when you take the income in retirement.
Benefits of tax-deferred investing

Tax-deferred growth

Investing in a VA allows you to postpone taxes on earnings (investment interest, dividends and other gains). These earnings remain invested and compound (create earnings of their own) over time. So all of your money continues to work for you.

Tax deferral may increase the amount you are able to accumulate for retirement compared to a taxable investment, where you pay annual income taxes on the earnings.

How it works

To fully appreciate the power of tax-deferred investing, look at the following hypothetical example. It demonstrates how money grows when taxes are not taken out each year. The chart compares two $100,000 investments.

1. Both grow at an annual rate of 7% for 30 years.
2. One is taxed annually at an assumed federal income tax rate of 28%.
3. The other is allowed to grow tax-deferred.

As you can see, the difference over time can be significant. In this case, after 30 years, the difference is $324,065.

This hypothetical chart is intended to illustrate the advantage of tax deferral and not the actual performance of a specific product or its investment options. Tax-deferred results do not reflect any insurance charges or maintenance fees and assume no withdrawals or taxes over the periods shown. If included, performance would be lower.

When withdrawn, gains from tax-deferred investments are subject to ordinary income tax. Lower rates on capital gains and dividends would increase the investment return of the taxable investment, thereby reducing the difference in performance between the options shown. You should consider your investment time horizon and income tax brackets, both current and anticipated, when making an investment decision. These factors, along with any changes in tax rates or tax treatment of investment earnings, may further impact the results of this comparison.
Most VAs offer flexibility and access to your money. For example, you can transfer your money among investment options tax-free and take a percentage of your contract value each year without penalty. The “locked up” impression may exist because VAs typically charge a fee if you take withdrawals that are greater than, or earlier than, your contract allows. This is to encourage you to save for the long term so your money has time to accumulate income tax deferred. Depending on the share class, or specified type of security, you select for your VA contract, the length of time you are required to keep your principal, or initial investment, invested may vary. Ordinarily, VAs are not appropriate for short-term financial goals, such as buying a boat or a new car in the next few years.

“\textit{In a VA, your money is locked up and you can’t touch it.}”
Access to your money

Control

During the accumulation phase, VAs typically allow you to withdraw a percentage (typically up to 10%) from the contract each year. You may receive this so-called “free-out” amount as a one-time withdrawal or on a systematic basis — monthly, for example. However, by taking money out of your VA, you may risk not reaching your long-term retirement savings goals.

It is important to remember that withdrawals reduce the value of your account and may be subject to ordinary income tax. In addition, if taken before age 59½, taxable withdrawals are subject to a 10% federal income tax penalty. Also, you may have to pay a surrender charge (see box) for amounts in excess of the “free-out.” For these reasons, saving for shorter term goals in a VA is not recommended.

VAs also allow you to surrender (terminate) the contract if you haven’t started your payout phase. The surrender amount would be equal to your contract value (principal plus earnings), less any previous withdrawals and contract charges.

Many VA contracts allow you to take penalty-free withdrawals to pay for nursing home expenses. You can purchase a VA with no surrender charge period or a shorter one, but expect to pay higher fees for that product.

What’s a surrender charge?

During the early years of the accumulation phase, if you take a withdrawal greater than your contract allows, you may be charged a percent of your principal. The amount charged would depend on the contract year in which you took the withdrawal. For a B-Share product, six to eight years is the typical range for VA surrender charge schedules. This charge typically declines each contract year until it reaches zero.

Sample surrender charge schedule:
for a B-share product

<table>
<thead>
<tr>
<th>Contract year:</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge:</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>5%</td>
<td>4%</td>
<td>3%</td>
<td>0%</td>
</tr>
</tbody>
</table>
Guarantees are based on the claims-paying ability of the issuing insurance company and assume compliance with the product’s benefit rules, as applicable.

you may have heard...

“There’s no way to invest with a guarantee.”

Simply Speaking

Not true. Typically, VA guarantees apply to either the contract value or the protection benefit. Protection benefits are usually offered as “riders” (optional contract features) and fall into two categories:

1. Living benefits for you
2. Death benefits for your beneficiaries

Living benefits primarily guarantee income, but may differ in how they provide that guarantee. Principal protection guarantees may also be available.

A death benefit allows you to pass your investment value — and possibly more — directly to your beneficiary. It is important for you to understand what is guaranteed with these benefits, how they work, and their restrictions and costs.

The chart on the following page will introduce you to the most common types of living benefits, including what is guaranteed and what is not guaranteed.

Your investment representative can help you decide if a particular protection benefit suits your needs.

 Guarantees are based on the claims-paying ability of the issuing insurance company and assume compliance with the product’s benefit rules, as applicable.
**VA protection benefits**

**Living benefits**

Securing a predictable stream of income that can’t be outlived has given rise to a variety of optional “living” benefit features commonly offered with a variable annuity. While the details vary greatly from one VA to the next, most insurance companies offer lifetime income guarantees and/or principal guarantees, regardless of investment performance.

Here is a snapshot of the most common types of living benefits and what they do and do not guarantee.

### Income guarantee

<table>
<thead>
<tr>
<th>Type of living benefit</th>
<th>What is guaranteed</th>
<th>What is not guaranteed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lifetime Guaranteed Minimum Withdrawal Benefit (Lifetime GMWB)</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Guarantees a lifetime income benefit from an annuity contract that is guaranteed to grow as the result of a deferral bonus you receive as you defer income to an older age. In some cases, this income benefit can be passed on to your spouse.</td>
<td>With a Lifetime GMWB, the contract value along with any appreciation to that amount is not guaranteed.</td>
</tr>
<tr>
<td><strong>Guaranteed Minimum Income Benefit (GMIB)</strong></td>
<td>Guarantees you a lifetime income stream for retirement, regardless of how your investments perform, provided you enter the payout phase. The income amount is based on your principal plus a guaranteed annual return (typically 4% - 5%).&lt;sup&gt;2&lt;/sup&gt;</td>
<td>The contract value along with any appreciation to that amount is not guaranteed.</td>
</tr>
<tr>
<td><strong>Guaranteed Minimum Accumulation Benefit (GMAB)</strong></td>
<td>Guarantees that, after a minimum holding period, no matter how your investments perform, you will not lose your principal.</td>
<td>A GMAB does not guarantee income payments.</td>
</tr>
</tbody>
</table>

Guarantees are based on the claims-paying ability of the issuing insurance company and assume compliance with the product’s benefit rules, as applicable.

<sup>1</sup> Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if made prior to age 59½, may also be subject to a 10% federal income tax penalty. Early surrender charges may also apply.

<sup>2</sup> Insured Retirement Institute Fact Book, 2013.
**VA protection benefits**

**Living benefits** continued from previous page

In most VAs, you must elect a living benefit rider at the time you purchase the product. Some riders are not revocable, so once you’ve chosen one, it will apply for the life of your contract. Typically, you can’t elect more than one living benefit per contract. These benefits usually have an associated cost (see chart), which applies for the life of the contract and will impact long-term performance (see “Impact of cost” chart on page 18).

All of these benefit options have specific guidelines. For example, living benefits may require you to invest in an asset allocation model or a guaranteed interest account or have certain withdrawal restrictions. Be sure you read the product prospectus and have a thorough understanding of how a rider works, its restrictions, and costs before you decide to include it in your VA.

**Death benefits**

In addition to offering living benefits, VAs are one of the only investments to provide a death benefit. If you die before your payout phase starts, your beneficiaries are generally guaranteed to receive a death benefit. And, because annuities are insurance contracts, death benefits avoid the delay and expense of probate and pass directly to the named beneficiary(ies). Guarantees are based on the claims-paying ability of the issuing company.

VA death benefits often pay beneficiaries either:

- a. The contract value (all of the money in your account) or
- b. Your principal less any withdrawals

The majority of VAs also offer one or more enhanced death benefit options, such as a Maximum Anniversary Value (MAV) option, which pays a death benefit equal to the contract’s highest value on a contract anniversary during the life of the contract (minus any withdrawal fees and surrender charges).

These options vary by product, and most add a fee, which is deducted from the contract value. As with living benefits, it’s important to have confidence in the strength and stability of the insurance company that promises to pay these benefits many years — perhaps even decades — from now.

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1 Death benefit proceeds may be subject to ordinary income tax.

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**Industry average for living benefits fees**

<table>
<thead>
<tr>
<th>Living benefit</th>
<th>Average fee*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifetime GMWB</td>
<td>1.25%</td>
</tr>
<tr>
<td>GMIB</td>
<td>0.98%</td>
</tr>
</tbody>
</table>

* Fee may be a percent of either contract value or benefit amount.

Here’s a snapshot of typical death benefits

<table>
<thead>
<tr>
<th>Objective</th>
<th>Industry names</th>
<th>How it works</th>
<th>Average fee*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protect your investment gains for your beneficiaries</td>
<td>Step-Up, Ratchet, Maximum Contract Anniversary Value</td>
<td>Locks in the highest contract value less any withdrawals at set intervals (such as on the contract anniversary)</td>
<td>0.50%</td>
</tr>
<tr>
<td>Preserve your initial investment plus interest</td>
<td>Return of Premium, Rising Floor, Initial Purchase Payment with Interest</td>
<td>Annually applies a set rate of interest to the initial investment (less any withdrawals)</td>
<td>0.25%</td>
</tr>
<tr>
<td>Provide your beneficiaries with an additional death benefit to help offset the impact of federal income taxes on your VA’s earnings</td>
<td>Enhanced Earnings, Earnings Protection</td>
<td>Credits additional earnings to your contract value</td>
<td>0.37%</td>
</tr>
</tbody>
</table>

* Fee is a percent of the contract value. Morningstar Annuity Research Center 4Q 2012 Contract Expense Report.

How withdrawals affect death benefits

The effect of a withdrawal when a death benefit is calculated will differ among VAs. The two most common calculation methods are dollar-for-dollar and proportional, or pro rata, or a combination of both.

- The dollar-for-dollar method means when you take money out, your death benefit will be reduced by $1 for every $1 you receive from the contract — including money received through guaranteed benefits.
- The proportional, or pro-rata, method means if you take out 50% of the money, the death benefit will be reduced by 50%.

Although not common, some VAs today offer a death benefit option that allows you to withdraw money from your contract without reducing the death benefit. There is an additional cost for this option.

When considering a VA, it’s important to understand the method used because in a declining market it would impact the death benefit your beneficiary receives.
If all you want out of a retirement plan is tax deferral, this is true since the VA offers you no additional tax-deferred benefit. But this ignores other important advantages of using a VA, including death benefit protection, and the ability to receive guaranteed income for life.

“Never fund your qualified plan with a VA.”
VAs in qualified plans

Variable annuities have been around since 1952, when they were introduced to fund college and university retirement plans. Since then, they have funded 403(b) plans for schools and charitable organizations, 401(k)s, Keoghs and IRAs. You may also move a 401(k) or other qualified retirement plan into a rollover IRA using a VA to fund it. Today, annuity sales in qualified plans are common.

If you invest in a VA through a qualified retirement plan, you will get no additional tax advantage from the VA. Under these circumstances, you should consider buying a VA only if it makes sense because of other features that are available. There are many common reasons for putting an annuity in a qualified plan or IRA, including:

• Guaranteed lifetime income
• Professional investment management
• Death benefit protection
you may have heard…

“VAs are expensive.”

Simply Speaking

For the benefits and guarantees you receive, a VA may be a good value — especially if it helps you achieve your retirement goals. To consider if a VA makes sense as part of your retirement plan, first look at the total value it offers, including:

• Tax-deferred investing
• Access to professional money management
• Guaranteed lifetime income
• Death benefit protection

Then, ask your investment representative for a cost breakdown. You may wish to compare these charges to the industry average and other VAs. As with any investment, expenses reduce performance results, so finding a low-cost insurer should be a key consideration.
Expenses

VAs typically itemize each expense so you can clearly see your costs. You can find the expenses for a specific VA spelled out in the product’s prospectus.

Standard VA expenses\(^1\) include:

- **Mortality and expense risk charge.** This charge, often called the “Insurance Charge,” covers VA protection features, including the insurer’s contractual obligation to:
  1) Pay you an income, which could be for your lifetime.
  2) Pay your beneficiaries a death benefit if you die before starting the payout phase. It may also include fees associated with selling, issuing and administering your contract. The average industry fee is 1.15% of the contract value.\(^2\)

- **Administrative fees.** This covers administrative costs associated with servicing the annuity, including the cost of transferring funds, tracking purchase payments, issuing confirmations and customer service. The average industry fee is 0.17% of the contract value.\(^2\)

- **Annual maintenance fee.** This pays for record-keeping and communication services, including statements of your investment performance and account activity.

  The average industry fee is 0.14% of the contract value.\(^2\) Typically this fee is waived if account value reaches a certain value.

- **Total fund operating expense.** This pays for the expertise of professional money managers as well as investment-related services and operating expenses. The average industry subaccount fee is 0.96%.\(^2\)

<table>
<thead>
<tr>
<th>Average contract charges(^3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of expense</strong></td>
</tr>
<tr>
<td>Mortality and expense risk</td>
</tr>
<tr>
<td>Administration fee</td>
</tr>
<tr>
<td>Annual maintenance fee</td>
</tr>
<tr>
<td>Total fund expense</td>
</tr>
<tr>
<td><strong>Total average expense</strong></td>
</tr>
</tbody>
</table>

\(^1\) For information and fees related to purchasing optional protection benefits, see pages 11-13; for withdrawal information and related charges, see page 9.

\(^2\) Based on 2012 industry average B-Share products, per $25,000 investment, which are offered with no initial sales charge, and a contingent sales charge of 5 or more years. Source: Morningstar Annuity Research Center 4Q 2012 Contract Expenses Report.

\(^3\) Note: These charges do not include charges for any optional living benefit or death benefit riders, or any premium based/distribution charges, if applicable.
Expenses

It is important to remember that your VA expenses provide benefits — such as guaranteed income and death benefit protection. You need to evaluate what that level of security is worth to you.

As with any investment you make, the associated fees are an important factor in your investment decision. It’s important to understand the value you will receive for the cost of basic benefits and any optional features you select. When you factor in the tax-deferred benefits of a variable annuity, the average charge\(^1\) of 2.42\(^2\) may not, in fact, be expensive.

Impact of cost

Cost should be one of the factors you consider before making an investment. As this comparison shows, the higher the charge, the greater the drain on the investment over time.

Assumptions

• $100,000 invested
• 8% hypothetical rate of return*

<table>
<thead>
<tr>
<th>Years</th>
<th>0.15% Charge</th>
<th>0.20% Charge</th>
<th>0.50% Charge</th>
<th>1.00% Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$150</td>
<td>$200</td>
<td>$500</td>
<td>$1,000</td>
</tr>
<tr>
<td>5</td>
<td>$1,017</td>
<td>$1,355</td>
<td>$3,370</td>
<td>$6,678</td>
</tr>
<tr>
<td>10</td>
<td>$2,980</td>
<td>$3,965</td>
<td>$9,789</td>
<td>$19,177</td>
</tr>
<tr>
<td>20</td>
<td>$12,778</td>
<td>$16,935</td>
<td>$41,311</td>
<td>$79,127</td>
</tr>
</tbody>
</table>

* This chart is hypothetical and does not reflect the actual performance of any product or its investment options.

\(^1\) Average charge does not include optional living benefit or death benefit riders.

Payouts

The payout phase of a VA refers to when you choose to receive income. This is often called the “annuitization” phase and it typically requires you to begin taking a payout by age 90. **Income received through living benefit riders is generally not considered annuitization of the contract.** Typically if you elect a living benefit for lifetime income, you wouldn’t use this aspect of the core contract. Most VAs give you several ways to structure the payout (see options below). Also, VAs often provide options that will continue income payouts to spouses and provide death benefits to beneficiaries.

Flexible frequency of payment is another feature of most VAs. If you elect a periodic payout, you may receive it monthly, quarterly, semi-annually or annually.

**Typical payout options include:**

- **Lifetime income** pays an income for as long as you (or you and another person, such as your spouse) live. When you (or you and your surviving spouse, if you chose that option) die, the payments stop. No other investment offers this benefit.

- **Lifetime income with a specific term** pays an income for your lifetime or to your beneficiary for a set period of time if you die before that period ends. This guarantees that income would continue to be paid to your spouse (or other beneficiary) for a certain period of time if you died sooner. Term choices are usually 5, 10 or 15 years. A similar payout option includes a second person, such as your spouse, and lasts as long as the selected time period if both of you die before that period ends.

- **Lifetime with a refund** pays an income for your lifetime. When you die, your beneficiary receives the balance of your contract value in a lump sum.

- **Income for a specific term** pays an income for a set number of years (typically five through 30, in five-year increments). If you die before the period ends, your beneficiary receives the balance of your contract value in a lump sum.

With most payout options, you can choose to receive a fixed or variable amount. The fixed amount will guarantee a level payment. A variable payout will provide an amount that will change depending on the performance of your investments. Combining these choices may be an option, too. For example, 50% of your payment amount could be fixed and the other 50% variable.
That’s true. When you purchase a VA from an insurer, you and your investment representative should choose a company you know and trust. You want to be confident it will be around to back its promises and guarantees for as long as you need them.

“The company behind your VA is an important consideration.”

Simply Speaking

That’s true. When you purchase a VA from an insurer, you and your investment representative should choose a company you know and trust. You want to be confident it will be around to back its promises and guarantees for as long as you need them.
The company behind your VA

Check on the company’s reputation. Here are some key questions to answer:

• Does the company exhibit strong leadership, who knows and understands retirees’ needs?
• Does the company consistently secure high ratings for its claims-paying ability?
• Does the company have the integrity to value their long-term promises?

Purchasing a VA for retirement income usually means you’ll have a long-term relationship with the company you purchase it from, so be sure to look to independent resources to help in your evaluation.

• Review the company’s website
• Consult your local library
• Contact your state’s Department of Insurance
Questions to consider

Determining if a VA should be part of your retirement plan takes some careful consideration and a thorough discussion with your investment representative. But the reward for making well-informed decisions may be the lifestyle you want to enjoy throughout your retirement.

About your retirement...

• When do I plan to retire or expect to need income to supplement my retirement?
• How much will I need in addition to other sources of retirement income?
• Will I be able to afford the retirement I want?
• What role will the VA play in my overall retirement income plan?
• Is a VA still a good choice if I’m near retirement?
• How much investment risk am I comfortable with?
• Do I need income through my lifetime only or for a spouse’s as well?

About the VA...

• Why did my investment representative select this particular product to help meet my needs?
• Which insurance company is issuing the VA and what can you tell me about that company’s reputation?
• Can I change the amount and timing of my premium payments?
• What can you tell me about the VA’s money managers and investment choices?
• What if I want to change investments later?
• Can I get a guaranteed income for life?
• What will it cost?
To learn more

There are several sources you can reference before you make a purchase. Your financial advisor can provide print materials and help clarify any points.

• **Product literature.** Recognize that while this is marketing material designed to help sell annuities, it typically provides a helpful overview for consumers.

• **Product prospectus.** Federal securities laws require that this document be given to investors before they make an investment purchase. Read the description of the product you are considering in detail including all its features, options and costs.

• **Online.** Here you can find a lot of information about VAs and annuities in general. One good example of an objective source is the Investor Information section on the U.S. Securities and Exchange Commission (SEC) website, (sec.gov). The SEC is the primary overseer and regulator of the U.S. securities markets. Its mission is to “protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.”

About a living benefit…

• Can I cancel this option at any time?
• Does choosing this benefit restrict my investment options?
• If so, could that reduce my exposure to market volatility?
• Do I have to wait before I can take advantage of the benefit?
• If so, how long?
• How much will I be charged each year for this benefit?
Global Atlantic Financial Group

Global Atlantic Financial Group, through its subsidiaries, offers a broad range of retirement, life and reinsurance products designed to help our customers address financial challenges with confidence. A variety of options help Americans customize a strategy to fulfill their protection, accumulation, income, wealth transfer and end-of-life needs.

Global Atlantic was founded at Goldman Sachs in 2004 and separated as an independent company in 2013. Its success is driven by a unique heritage that combines deep product and distribution knowledge with leading investment and risk management, alongside a strong financial foundation.
Simply Speaking

variable annuities
Variable annuities are long-term investments intended for retirement purposes that offer tax-deferral, professionally managed investment options and flexible payouts. Values will fluctuate with investment performance, and the annuity may gain or lose value. Charges and fees will also reduce its value. Optional benefits are not available for purchase outside of a variable annuity and may be elected at an additional cost. A standard death benefit is included in the base product. Suitability and willingness to purchase the variable annuity must be considered prior to the potential benefits of any optional features.

Variable annuities are sold by prospectus. The prospectus contains investment objectives, risks, fees, charges, expenses, and other information regarding the variable annuity contract and the underlying investments, which should be considered carefully before investing. You can obtain a prospectus from your financial advisor or by visiting www.globalatlantic.com. Please read the prospectus carefully before you invest or send money.

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Annuities are issued by Forethought Life Insurance Company, 10 West Market Street, Suite 2300, Indianapolis, Indiana. Variable annuities are underwritten and distributed by Global Atlantic Distributors, LLC.

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