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INCOME

A strategy for rising income potential

Meet Drew.

Later this year, Drew will retire from his long-time employer, Autumn Architects, Inc. To help replace part of his income, he's already earmarked $250,000 of his mutual fund portfolio for essential expenses. But at age 67, Drew knows there are some challenges he'll need to address.

Making his money last

According to the Social Security Administration, "About one out of every four 65-year-olds today will live past age 90." At 67, Drew has about a 25% chance of living to see his 90th birthday.[1] ***And the longer he lives, the longer his money has to last.***

The timing of market downturns

If Drew's mutual fund portfolio has negative investment returns earlier in his retirement, that will have a major impact on his future cash flow. Why? Because early losses means he'll have less assets in his account to participate in any future market growth. ***The timing of market declines matters, especially when taking income.***

Inflation

Drew spends about $320 a month on groceries. But in 20 years, assuming a 3% rate of inflation, those same groceries may cost him $578 a month. His past paycheck increases always helped him deal with the rising costs of living during his working years. ***But how could he potentially grow his income in retirement to help offset inflation without any downside market risk?***

At first, Drew's plan was to simply withdraw from his mutual fund account over time and hope that his money would last.

But then his financial professional suggested an alternative he hadn't considered...

[1] https://www.ssa.gov/planners/lifeexpectancy.html

An alternative option: ForeIncome II

ForeIncome is a fixed index annuity (FIA) that provides:

Income that will last

While a mutual fund portfolio's assets are subject to market fluctuations, ForeIncome provides the potential for income for life. ForeIncome can give Drew a dependable source of income for as long as he lives.

Income that will never go down even if the market does

The value of a mutual fund portfolio can go up or down, which can greatly affect an income plan. But with ForeIncome, Drew's income will never go down due to market downturns.

Rising income

ForeIncome provides an option to potentially increase his lifetime income during the bonus period for a bigger "paycheck" as he gets older.

Let's compare two different ways to prepare for essential retirement expenses

Option 1: Drew keeps his $250,000 in his mutual fund portfolio

Age 67	Age 68	Age 69	Age 70	Age 71
Drew takes the same percentage from his account every year.	▲ With an up market, his acount value and annual income may go up.	▼ But a down market may reduce his account value and income.	▲ With positive performance, his account value may increase, but will still have to recover from past losses.	Depending on his account's performance, he may outlive his money.

Option 2: Drew buys a $250,000 ForeIncome fixed index annuity

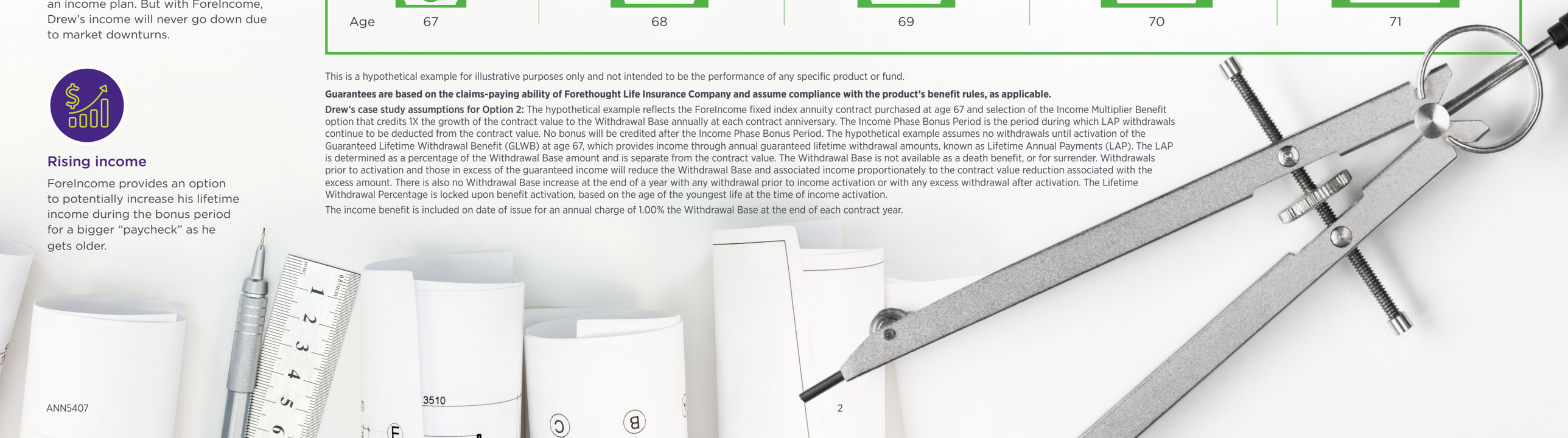
Age 67	Age 68	Age 69	Age 70	Age 71
Drew starts taking income immediately and gets the same percentage of his Withdrawal Base annually.	▲ With the Income Multiplier Benefit, his income will increase with positive interest crediting during the bonus period.	▼ If no interest crediting, his income stays level.	▲ With positive interest crediting, his income may keep rising over time.	Assuming no excess withdrawals, his income continues for life. ▶

This is a hypothetical example for illustrative purposes only and not intended to be the performance of any specific product or fund.

Guarantees are based on the claims-paying ability of Forethought Life Insurance Company and assume compliance with the product's benefit rules, as applicable.

Drew's case study assumptions for Option 2: The hypothetical example reflects the ForeIncome fixed index annuity contract purchased at age 67 and selection of the Income Multiplier Benefit option that credits 1X the growth of the contract value to the Withdrawal Base annually at each contract anniversary. The Income Phase Bonus Period is the period during which LAP withdrawals continue to be deducted from the contract value. No bonus will be credited after the Income Phase Bonus Period. The hypothetical example assumes no withdrawals until activation of the Guaranteed Lifetime Withdrawal Benefit (GLWB) at age 67, which provides income through annual guaranteed lifetime withdrawal amounts, known as Lifetime Annual Payments (LAP). The LAP is determined as a percentage of the Withdrawal Base amount and is separate from the contract value. The Withdrawal Base is not available as a death benefit, or for surrender. Withdrawals prior to activation and those in excess of the guaranteed income will reduce the Withdrawal Base and associated income proportionately to the contract value reduction associated with the excess amount. There is also no Withdrawal Base increase at the end of a year with any withdrawal prior to income activation or with any excess withdrawal after activation. The Lifetime Withdrawal Percentage is locked upon benefit activation, based on the age of the youngest life at the time of income activation.

The income benefit is included on date of issue for an annual charge of 1.00% the Withdrawal Base at the end of each contract year.



What option did he choose?

Working with his financial professional, Drew decided to use his $250,000 to purchase ForeIncome for his retirement income needs.

ForeIncome provides Drew with an immediate source of income that:

- Is guaranteed for life
- Will never go down due to negative market performance
- May go up

To learn more about this strategy and to see if it makes sense for your own financial goals, ask your financial professional for a personalized illustration and additional product details.

Simply Speaking

How does ForeIncome II work?

When you buy a ForeIncome fixed index annuity, there are three key components to understand:

1. **Your contract value:**
   This is the amount you'll see on your statement

   Your premium – the amount of money you use to purchase ForeIncome – establishes a contract value. The contract value, less any applicable charges, is the surrender value, which is the money you can walk away with should you decide to cancel, or "surrender" the annuity. When you first buy ForeIncome, your premium and your contract value are the same. For example, a $250,000 premium establishes an initial $250,000 contract value.

2. **Your interest crediting strategy:**
   This is the growth potential behind your contract value

   ForeIncome offers many different interest crediting strategies to potentially grow your contract value – the one that's right for you depends on your retirement goals. Your financial professional can help you decide. Regardless of the crediting strategy you select, you can't lose money due to poor market performance with ForeIncome.

3. **Your Withdrawal Base:**
   This is what determines the size of your retirement income

   Your Withdrawal Base grows differently than your contract value. It's simply a numerical value used to determine your guaranteed lifetime income. The Withdrawal Base, together with your age when you start income, determines the income you receive in retirement.[2]

[2] The Withdrawal Base is used to determine the withdrawal benefit and is not available for cash surrender or as a death benefit.

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This strategy involves the purchase of a fixed index annuity (FIA) with a benefit provided for a charge. FIAs are typically meant for long-term savings purposes. Withdrawals during the early years may incur a withdrawal charge and market value adjustment, assessed as a percentage of the withdrawal. Withdrawal charges vary by product. FIAs are insurance contracts, not securities, and do not directly participate in any stock, bond, or equity investments. Contract owners are not buying shares of any stock or index, even though index performance may indirectly affect contract values. Index-based crediting methods may experience years with 0% crediting. Though crediting is determined, in part, by the performance of an equity index, the credited rate is typically subject to a cap, spread, trigger or participation rate. Additional benefits vary by product and may be subject to charges. Indices are not available for direct investment.

Repositioning of assets from an existing product may not be suitable for all clients. Clients should carefully consider factors such as remaining surrender charge schedule, and any other charges before determining if repositioning and/or exchanging of an existing asset, including annuity contract, is right for their particular situation. State insurance replacement regulations may also apply.

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Guarantees are based on the claims-paying ability of Forethought Life Insurance Company and assume compliance with the product's benefit rules, as applicable.

Taxable distributions (including certain deemed distributions) are subject to ordinary income taxes, and if made prior to age 59½, may also be subject to a 10% federal income tax penalty. Payments from IRAs are taxable in accordance with the normal rules surrounding taxation of payments from an IRA. Early surrender charges may also apply. Withdrawals will reduce the death benefit and any optional guaranteed amounts in an amount more than the actual withdrawal. If you are investing in a fixed index annuity through a tax-advantaged retirement plan such as an IRA, you will receive no additional tax advantage from a fixed index annuity. Under these circumstances, you should only consider buying a fixed index annuity if it makes sense because of the annuity's other features, such as lifetime income payments and death benefit protection.

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The issuing insurance company is not an investment adviser nor registered as such with the SEC or any state securities regulatory authority. It is not acting in any fiduciary capacity with respect to your investment. This information does not constitute personalized investment advice or financial planning advice.

ForeIncome II fixed index annuity is issued by Forethought Life Insurance Company, 10 West Market Street, Suite 2300, Indianapolis, Indiana. ForeIncome is available with Contract FA1801SPDA-01 and ICC17-FA1801SPDA-01 and rider forms FA4101-01, ICC17-FA4101-01, FA4106-01, ICC17-FA4106-01, FA4107-01, ICC17-FA4107-01, FA4108-01, ICC17-FA4108-01, FA4109-01, ICC17-FA4109-01, FA4110-01, ICC17-FA4110-01, FA4116-01, ICC17-FA4116-01, FA4111-01, ICC17-FA4111-01, FA4112-01, ICC17-FA4112-01, FA4102-01 v2, ICC17-FA4102-01, FA4104-01 v2, ICC17-FA4104-01, FL-FIANC-13, ICC14-FL-FIANC, FL-FIATI-13 and ICC14-FL-FIATI.

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Indices are not available for direct investment.

Not a bank deposit	Not FDIC/NCUA insured	Not insured by any federal government agency	No bank guarantee	May lose value	Not a condition of any banking activity