Global Atlantic
FINANCIAL GROUP

INCOME: INCOME FOR ESSENTIALS STRATEGY

Paying for the basics for as long as you live

Meet Naomi.

Naomi, a 57-year-old professional book editor, tends to look at her life as chapters in a story. For her path to and through retirement, chapter one is now: this is when she's planning to make sure she'll have enough income for her basic retirement expenses like her utilities and grocery bills. Although she's planning on using Social Security for her essentials, she knows it won't be enough. Chapter two will be her actual retirement: that's when she'll need to make whatever retirement assets she's built last as long as she does.

Naomi looked at how she might build her assets for her essential retirement expenses and how to make that money last:

Naomi's "chapter one":

Use her mutual fund portfolio for her future essential needs

But what type of return could she expect from her portfolio? Would her assets grow enough to meet her future essential needs? Since investment returns aren't guaranteed, Naomi has no way of knowing how much her money will grow over time, making it hard to plan for her future necessities.

FYI: Expectations aren't guaranteed

If you've ever looked at an investment prospectus, you've probably noticed the phrase, "past performance is no guarantee of future results." This disclaimer is there because there isn't a way to predict how well or how poorly your future investment returns will perform, no matter how your investments performed in the past. In other words, relying on your investment portfolio for your future essential needs may be tricky at best.

Naomi's "chapter two":

Take out money as needed during retirement for her essential expenses

While Social Security is designed to provide Naomi with retirement income for life, her mutual fund portfolio is different: whatever she accumulates in her account can run out during her retirement. How does she determine the appropriate amount each month to make sure she won't outlive what she's saved?

FYI: The basics can be expensive

In 2013, the average annual cost of running a household (for things like mortgage payments, the electrical bill, heating costs, insurance premiums and repairs) was $17,148. Over 20 years, that cost adds up to a whopping $342,960.[1] Naomi will need a source of predictable income that will last as long as she does.

Naomi knows she needs some way to predictably build a source of income for her basic retirement expenses. And she knows her income will need to last because the bills will keep coming even if she runs out of money.

Is there another option Naomi hasn't considered?

[1] Source: valuepenguin.com/average-household-budget

Simply Speaking

What is a fixed index annuity?

A fixed index annuity or FIA is a savings vehicle that offers potential growth that's linked to a market index (or multiple indices) like the S&P 500®.[9] A typical feature of an FIA is downside market protection which may make them suitable for people who are unwilling to risk market losses. Similar to fixed income alternatives, an FIA may help offset the volatility of the equities in a retirement strategy.

With the ForeIncome fixed index annuity, you get two key things:

1. A contract value

This is a sum of money that can grow over time and can be accessed if necessary, subject to withdrawal charges and to a market value adjustment when applicable. Every year, your contract value may be credited based on the performance of whichever interest crediting method you choose. For example, your crediting method may be tied to an index like the S&P 500®. Note that negative performance will never cause your contract value to go down in value. At worst, poor market performance will result in 0% interest crediting for the time period involved.[10] Note that an annual rider charge will reduce the contract value when applied.

2. An income benefit

ForeIncome will provide you (and your spouse, if applicable) with guaranteed lifetime income. How much? That depends on multiple factors, such as taking any withdrawals prior to income benefit activation, the age at which you decide to activate the income benefit and the amount of the Withdrawal Base. The Withdrawal Base is different than the contract value but like the contract value, it can grow over time until income benefit activation, subject to compliance with benefit rules. During the income stage, you get a percentage of that Withdrawal Base each year as your Lifetime Annual Payments (LAP).[8]

[9] The S&P 500® is an unmanaged index and is not available for direct investment.

[10] Interest crediting methods vary and may involve different methodologies such as fixed rates, index caps and spreads and are declared in advance and guaranteed for the entire strategy term. Refer to Global Atlantic's *Interest Crediting Methods for Fixed Index Annuities* flyer for more information.

Global Atlantic
FINANCIAL GROUP

This strategy may involve 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, participation rate or performance trigger. Additional benefits vary by product and may be subject to charges. Indices are not available for direct investment.

globalatlantic.com

This material is intended to provide educational information regarding the features and mechanics of the product 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.

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. Distributions received from a non-qualified contract before the Annuity Commencement Date are taxable to the extent of the income on the contract. 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.

This information is written in connection with the promotion or marketing of the matter(s) addressed in this material. The information cannot be used or relied upon for the purpose of avoiding IRS penalties. These materials are not intended to provide tax, accounting or legal advice. As with all matters of a tax or legal nature, you should consult your tax or legal counsel for advice.

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.

Products and features are subject to state and firm availability and variations. Read the Contract for complete details.

Global Atlantic Financial Group (Global Atlantic) is the marketing name for Global Atlantic Financial Group Limited and its subsidiaries, including Forethought Life Insurance Company and Accordia Life and Annuity Company. Each subsidiary is responsible for its own financial and contractual obligations. These subsidiaries are not authorized to do business in New York.

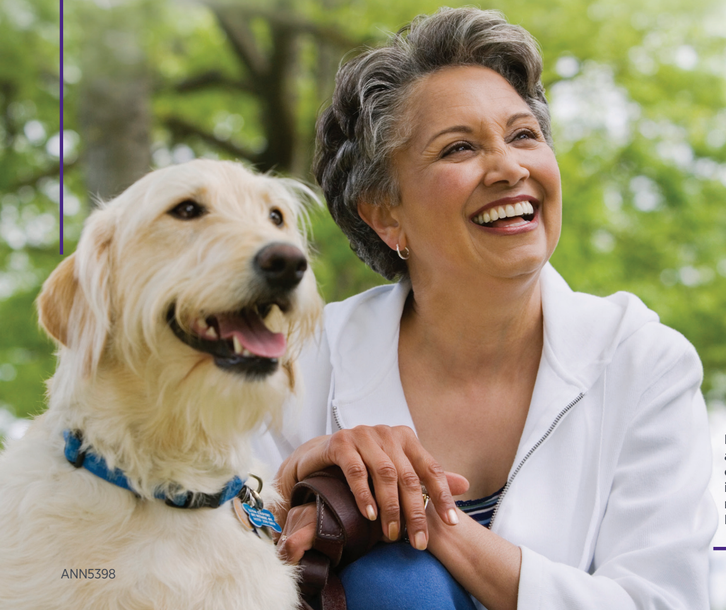
The "S&P 500® Index" is a product of S&P Dow Jones Indices LLC or its affiliates ("SPDJI") and has been licensed for use by Forethought Life Insurance Company. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJI and sublicenses for certain purposes by Forethought Life Insurance Company. Forethought Life Insurance Company's products are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P 500® Index.

Indices are unmanaged and 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

An alternative option: Use part of her retirement savings to purchase a ForeIncome II fixed index annuity for:

- **8% growth for her "chapter one":** ForeIncome provides Naomi with an option that adds 8% of the value of her premium[2] (adjusted for any withdrawals) at each contract anniversary to what's called a Withdrawal Base,[3, 4] until she's ready to activate her income stream. This option is called the Guaranteed Income Builder benefit.
- **Income for life for her "chapter two":** With the Guaranteed Income Builder Benefit, Naomi gets predictable lifetime income in retirement. She can activate her income benefit any time from age 55 on.[5, 6]
- **Tax-deferred growth:** Naomi's money can grow on a tax-deferred basis. That means faster growth since her money can earn interest on dollars that would otherwise be taxed.
- **Flexibility:** If Naomi decides she wants to keep working and delays receiving her income benefit, her Withdrawal Base will keep growing every year until income activation (assuming no withdrawals).
- **No market risk:** With ForeIncome, Naomi will never experience any market-based losses.[7] This adds stability to her overall retirement strategy.
- **Accessibility:** Things happen and when they do, Naomi may withdraw money during the accumulation stage if she needs to and still receive income for life during the income stage. However, excess withdrawals will decrease the amount of her income benefit.[8]
- **Death Benefit:** Naomi's beneficiaries will get her Contract Value as a death benefit.



Please see inside panel at the end of Naomi's case study for additional important information regarding how ForeIncome works.

ANN5398

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

Since Social Security won't cover all of her future necessities, Naomi looked at ways to supplement her essential retirement income needs. For these examples, we'll assume she retires at 70.

Option 1: **Use her personal savings**

"Chapter one" (her working years) **"Chapter two" (her retirement)**

Naomi continues to steadily invest in her mutual fund portfolio, but market swings make it impossible to know how much her money will grow.

Naomi retires at age 70

Since her savings can run out, Naomi doesn't know if she will outlive her money.

Option 2: **Purchase ForeIncome**

"Chapter one" (her working years) **"Chapter two" (her retirement)**

Naomi diverts $200,000 of her savings to purchase ForeIncome at age 57. Her Withdrawal Base is increased by 8% each year until she activates her income benefit.[3,4,9]

Naomi retires at age 70

By age 70, Naomi's ForeIncome Withdrawal Base has grown to **$408,000.**[9] Based upon her age and current Lifetime Withdrawal Percentages, she gets 5.00% of that amount – **$20,400** – every year for the rest of her life (assuming no excess withdrawals).

Naomi's case study assumptions: This example is for hypothetical purposes only and is designed to illustrate the relationship between initial premium payment and income opportunities. Assumes ForeIncome fixed index annuity contract purchased at age 57 and selection of the Guaranteed Income Builder Benefit (GIBB) which adds 8% of initial premium (reduced proportionally for any withdrawals) less withdrawals to the Withdrawal Base annually at each contract anniversary until income activation. Assumes a single life income option was selected and that 5.00% was the applicable Lifetime Withdrawal Percentage at income activation. The Withdrawal Base is not available as a death benefit, or for surrender. Assumes no withdrawals until activation of the (GIBB) at age 70 (must be at least 55 to activate the benefit), 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 which stops growing after benefit activation for this option and is separate from the contract value. The Lifetime Withdrawal Percentage is locked upon benefit activation, based on income option and age at the time of activation. Lifetime Withdrawal Percentages can change for new issues at any time without notice. The example makes no assumption as to the interest crediting strategy elected, therefore it assumes 0% crediting from any method. Outcomes may differ based upon the interest crediting strategy selected and assumes compliance with the product's benefit rules. The (GIBB) benefit costs 1.00% of the Withdrawal Base, charged annually at the start of each contract year.

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

What option did she choose?

ForeIncome provides Naomi with predictable income for the things she can't live without, no matter how long she lives. After talking it through with her financial professional, Naomi chose to use $200,000 of her portfolio to purchase ForeIncome to:

- Grow her Withdrawal Base during her "chapter one"[3, 4]
- Plan for a steady stream of income she'll receive every year for her "chapter two"[5, 6]
- Help ensure that her guaranteed income will never run out assuming no excess withdrawals[5, 6]
- Help cover her essential expenses in retirement

Naomi left the remainder of her retirement savings invested in her mutual fund portfolio to help cover her future nonessential retirement expenses such as travel and hobbies.

To learn more about ForeIncome, ask your financial professional for a personalized illustration and additional product details.

[2] Reduced proportionally for any withdrawals.

[3] The Withdrawal Base is a separate value used solely for calculation of guaranteed withdrawal amounts and rider charges for the benefit. It is separate and distinct from the contract value. The Withdrawal Base is not available as a death benefit, or for surrender.

[4] An optional alternative benefit to grow your ForeIncome Withdrawal Base is also available called the Income Multiplier Benefit. Refer to the ForeIncome brochure for details.

[5] The Guaranteed Lifetime Withdrawal Benefit is included at issue for an annual charge of 1.00% of the Withdrawal Base at the end of each contract year. The charge is deducted proportionally from each interest crediting allocation. Income is provided through annual guaranteed lifetime withdrawal amounts, known as Lifetime Annual Payments. The Lifetime Annual Payment amount is based on age upon activation and determined as a percentage of the Withdrawal Base.

[6] 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. Early withdrawal charges and market value adjustments may also apply. Withdrawals may reduce any optional guaranteed amounts in an amount more than the actual withdrawal.

[7] There can be market value adjustment whenever a withdrawal charge is applied.

[8] Early withdrawal charges and market value adjustments may also apply. Withdrawals prior to benefit activation and amounts in excess of the LAP are known as Excess Withdrawals and will reduce the Withdrawal Base and LAP proportionally to the resulting reduction in contract value due to the Excess Withdrawal. There is no Withdrawal Base increase in any year with an excess withdrawal.

[9] Assuming no withdrawals.