

50% Is More Powerful Than You Think

Fixed index annuities, while not designed to compete with equity investments, combine three powerful concepts: **Principal Protection, Market Participation and Annual Reset.**

Let's look at how a fixed index annuity with a premium of \$100,000, that has an accumulation value linked to the S&P 500® 1-year point-to-point interest calculation, with an annual reset feature at a 50% participation rate, would have performed since 2000.

■ The Power of Annual Reset

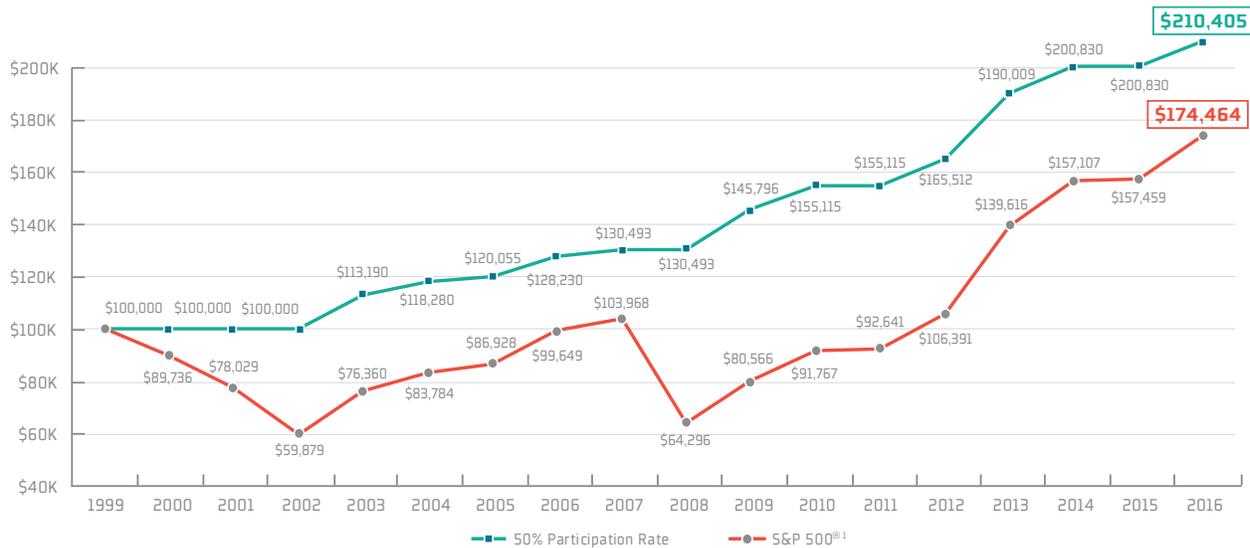
S&P 500® 1.2			Fixed Index Annuity with 50% Participation Rate		
Year	S&P 500®	Account Value	Year	Interest Earned	Account Value
1999		\$100,000	1999		\$100,000
2000	-10.26%	\$89,736	2000	0.00%	\$100,000
2001	-13.05%	\$78,029	2001	0.00%	\$100,000
2002	-23.26%	\$59,879	2002	0.00%	\$100,000
2003	27.52%	\$76,360	2003	13.19%	\$113,190
2004	9.72%	\$83,784	2004	4.50%	\$118,280
2005	3.75%	\$86,928	2005	1.50%	\$120,055
2006	14.63%	\$99,649	2006	6.81%	\$128,230
2007	4.33%	\$103,968	2007	1.76%	\$130,493
2008	-38.16%	\$64,296	2008	0.00%	\$130,493
2009	25.30%	\$80,566	2009	11.73%	\$145,796
2010	13.90%	\$91,767	2010	6.39%	\$155,115
2011	0.95%	\$92,641	2011	0.00%	\$155,115
2012	14.84%	\$106,391	2012	6.70%	\$165,512
2013	31.23%	\$139,616	2013	14.80%	\$190,009
2014	12.53%	\$157,107	2014	5.70%	\$200,830
2015	0.22%	\$157,459	2015	0.00%	\$200,830
2016	10.80%	\$174,464	2016	4.77%	\$210,405
Annualized Return	3.33%		Annualized Return	4.47%	

Assuming that an investor put \$100,000 directly into the S&P 500®, and \$100,000 into a fixed index annuity offering a 50% participation rate for 17 years, they would see the performance shown above. The S&P 500® had an annualized return of 3.33% during this time period. With a 50% participation rate, you may expect the rate of return on the index annuity to be 1.67%, or 50% of 3.33%. However, this is not the case.

Let's take a closer look at 2008, as this is where the strength of the fixed index annuity becomes evident. When the S&P 500® decreased 38.16%, the index annuity received a 0% credit due to the annual reset feature. This lower point also becomes our new start of year value for calculating interest.

This is the power of Annual Reset.

The graph demonstrates how a fixed index annuity can move with an index, in this case the S&P 500®. In up years, the contract is credited interest equal to 50% of the index's annual increase, but in down years the accumulation value of the contract maintains its value. This keeps the accumulation value protected and maintains forward motion. **What goes up won't come down.**



These hypothetical examples are intended to illustrate how index fluctuations might affect your contract values based on the selected crediting methods. It is not intended to show past or future results. The hypothetical products were purchased on 12/31/1999 and the initial premium was \$100,000. The depiction assumes no withdrawals or additional premiums added during the 17-year period ending 12/30/16. Index returns for a given year have been calculated by comparing the close from the last trade of the proceeding year with the close from the last trade day of the given year. For example, the return for 2003 is calculated using the close of the index on 12/31/2002 and the close of the index on 12/31/2003.

1. The S&P 500® returns shown include dividends. Annual returns were modeled using ticker symbol (^SP500TR).
2. The S&P 500® returns shown are net fees. The annual fee used within the model was 1.16% and is a summation of the average new account fee in 2016 of 1.07% and the average equity index mutual fund average fee of 0.09%. This fee data was gathered from McKinsey & Company and ICI Research, respectively.

The returns for the participation rate and cap rate crediting methods were calculated using the S&P 500® return for a given year, excluding dividends and fees. This was done to mimic how fixed index annuity interest credits are calculated in the real world. These returns were modeled using quotes from ticker symbol (^GSPC). All data used was from Yahoo! Finance.

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This is not a comprehensive overview of all the relevant features and benefits of fixed index annuities. Before making a decision to purchase a particular product be sure to review all of the material details about the product and discuss the suitability of the product for your financial planning purposes with a qualified financial professional.

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