The purpose of this document is to assist you in better understanding the various features of a Fixed Indexed Annuity (FIA).

**THE FEATURES OF FIA PRODUCTS MAY DIFFER FROM PRODUCT TO PRODUCT. IF YOU ARE PURCHASING AN FIA, IT IS IMPORTANT FOR YOU TO UNDERSTAND THE ACTUAL TERMS AND CONDITIONS OF THE FIA PRODUCT YOU HAVE SELECTED AND HOW THE FEATURES OF THAT FIA WORK TOGETHER. QUESTIONS YOU MAY HAVE ABOUT THE FIA SHOULD BE ADDRESSED WITH YOUR FINANCIAL PROFESSIONAL! YOU SHOULD CAREFULLY REVIEW THE FIA CONTRACT BEFORE PURCHASING.**

An FIA is a fixed annuity in which the rate of interest credited to the contract is linked to the performance of an external market index, such as the Standard and Poor’s 500 Price Index, which tracks the performance of a specific group of securities representing a particular segment of the market, or in some cases an entire market. The rate of interest that is credited to an FIA contract based on the performance of the market index to which the FIA is linked is determined by applying the Indexing Method and Indexing Features (such as Participation Rates, Interest Rate Caps and/or Interest Spreads) applicable to a particular FIA product.

FIAs also typically provide for a minimum guaranteed interest rate and minimum guaranteed value. For example, many FIA contracts guarantee the minimum value will never be less than 90% of the premium paid, plus at least 3% annual interest. FIAs will not lose value due to declines in the underlying market index; however, they are subject to surrender charges for early withdrawal, which could result in a loss of part of the payments you make to the contract under certain circumstances. This and other factors are discussed in the FIA contract, which you should review carefully before purchasing.

### Common FIA Contract Terms

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<th>Indexing Method: The method used to measure the change in the market index to which the FIA product is linked. These indexing methods impact the calculation of the amount of interest to be credited to the FIA contract. Some of the more common indexing methods include Annual Reset, High Water Mark and Point-to-Point.</th>
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<td><strong>Annual Reset</strong>: The index-linked interest, if any, is determined each year by looking at the change in the market index from the beginning of the contract year to the end of the contract year. Interest is typically added to the FIA each year during the term of the FIA contract.</td>
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<td><strong>High Water Mark</strong>: The index-linked interest, if any, is determined by looking at the index value at various points during the term of the FIA contract, usually the annual anniversaries of the FIA contract. This method then takes the highest of these index values and compares that highest value to the index level at the beginning of the FIA contract term. Interest is typically added to the FIA at the end of the FIA contract term.</td>
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<td><strong>Point-to-Point</strong>: The index-linked interest, if any, is determined by looking at the change in the market index between two discrete points in time, such as the beginning and ending dates of the FIA contract term. Interest is typically added to the FIA at the second point in time.</td>
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While these are three of the more common indexing methods, there are numerous indexing methods in existence today. You should review the FIA contract carefully in order to understand the indexing method used by the insurance company to calculate interest for the FIA that you are considering.

**Indexing Features**: The way in which an FIA’s index-linked interest is computed depends on the particular combination of Indexing Features that an FIA uses. The most common indexing features are described below. It is important to understand these features and how they work together and with the FIA’s (continued)
Indexing Method since these features impact your return, and may result in you being credited with a lower rate of interest than the actual gain in the market index for the applicable period.

- **Participation Rate**: A participation rate determines what percent of the gain (if any) in the underlying market index will be used to calculate the index-linked interest. For example, the insurance company issuing the FIA contract may set the participation rate at 80%, which means the FIA contract would only be credited with interest based on 80% of the growth experienced by the applicable market index using the contract’s indexing method.

- **Interest Rate Caps**: Some FIAs may put a cap or upper limit on your return. This interest rate cap is generally stated as a percentage, which is the maximum rate of interest the FIA will earn. For example, if the market index gained 10% during the applicable period based on the FIA contract’s indexing method and the interest cap rate is 8%, then the FIA would be credited with interest at 8% (not 10%).

- **Interest Spreads**: Some FIAs use an interest spread (also referred to as “margin” or “administrative fee”) in addition to, or instead of, a participation rate. The interest spread is expressed as a percentage, which will be subtracted from any positive gain in the underlying market index. For example, if the applicable market index gained 10% using the contract’s indexing method and the interest spread is 3.5%, then the FIA would be credited with interest at 6.5% (not 10%).

**Fixed Rate Option**: The fixed rate option provides a declared initial interest rate for a period of one year. After the first contract year, rates may be higher or lower than the initial fixed interest rate. Any premiums received between contract anniversaries and any subsequent premium payments received after the first contract year are credited to the fixed account subject to the current rate and will remain in the fixed account until the contract anniversary at which time the amount may be reallocated.

**Important Note**: The FIA contract you have selected will contain one or more of the above features. Rates are generally guaranteed for one year. Most FIAs allow the insurance company to change the Fixed Rate, Participation Rate, Interest Rate Cap and Interest Spread either annually or at the start of the next contract term. If an insurance company subsequently lowers the Fixed Rate, Participation Rate, and/or Interest Rate Cap or increases the Interest Spread, this could adversely affect your return. Please review your FIA contract for specific details applicable to the FIA that you have selected.

**Other Important Considerations**

- Please review your FIA contract carefully before purchasing and for terms that apply specifically to your FIA. The information in this disclosure statement is for informational purposes only and is not specific to the FIA that you are considering or a summary of your FIA contract.
- When you buy an FIA product, you own an insurance contract. You are not buying shares of any stock or other equity investment or index, and FIAs do not directly participate in any stock or equity investment or index.
- Most FIAs only credit interest based on the equity gains from market price changes, excluding the gains from dividends. Since you are not earning dividends, you are not earning as much as if you invested directly in the index linked to that particular product.
- An FIA is a long-term contract, and if you withdraw all or part of the value of your annuity before the end of the surrender charge period, a withdrawal or surrender charge may be applied. To avoid surrender charges, you should plan to keep the FIA for at least the duration of the surrender charge period.
- Because FIAs should be used for long-term financial goals, you should have sufficient cash or other liquid assets for living expenses and unexpected emergencies.
- Due to substantial penalties for early surrenders, you may receive less than your initial purchase payment if you withdraw or surrender the FIA contract prior to the end of the contract term.
- Even with a guaranteed minimum return, you can still lose money with an FIA if your guarantee is based on an amount that is less than the full amount of your purchase payments (the guaranteed minimum return is typically 90% of the premium paid at a 3% annual interest rate). In many cases, it will take several years for an FIA’s minimum guarantee to “break even.”
- Withdrawals may be subject to income tax. If withdrawals are made before age 59½, they also may be subject to an IRS tax penalty.
- The return guaranteed by an FIA contract is subject to the claims paying ability of the insurance company issuing the FIA contract.