

Income Edge

Optional Living Benefit Rider





Do *you* have
the **Edge?**

Will the assets you've accumulated last through your retirement?

Now they can with the Income Edge Optional Living Benefit Rider from American Investors Life, an Aviva Company. The Income Edge is a leading solution for guaranteed lifetime income by providing...

- > **Growth & Security** through guarantees;
- > **Income** for your lifetime; and
- > **Control** to start and stop the income as you wish.

Individuals are living healthier, more active and longer lives than ever before— isn't it time to change the way you look at retirement? You can do so with the Income Edge. Its benefits give you the edge by helping you prepare today for all of your tomorrows.

How can the Income Edge benefit you?

The Income Edge is an Optional Living Benefit Rider that can be added to your American Investors Life Fixed Indexed Deferred Annuity for an annual charge. This rider gives you two ways to take income in addition to the free withdrawals provided by your annuity contract:

You can elect Income Withdrawals which pay a guaranteed income for a select period of time,
or

You can elect Lifetime Income Withdrawals which are guaranteed for your lifetime.

These Income Withdrawals provide flexibility and choices that put you in control of determining when and how much retirement income you receive!

Once you select the Income Edge rider, there will be two account values used to determine the rider benefits. The first is the **Adjusted Accumulated Value** which is made up of your initial premium multiplied by the income account multiple, premium bonus (if applicable), and any interest credits provided by your annuity.

The second is the **Income Account Value** which is made up of your initial premium multiplied by the income account multiple, premium bonus (if applicable), and the 4% guaranteed interest credits.

Most people are living in one of two key phases in life: the Accumulation Phase or the Distribution Phase. Each phase has its own unique set of financial objectives (see following pages for descriptions).

Take for example, **Carl & Sharon's story . . .**

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Carl and Sharon have been diligent throughout their working years to protect and accumulate their assets. Now, as they both near retirement, they begin to evaluate how best to begin distributing that wealth in such a way as to provide income that will last as long as their retirement.

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Names: **Carl and Sharon**

Ages: **55**

Current Status: **Both still working**

Initial Fixed Indexed

Deferred Annuity Premium: **\$100,000**

Accumulation Phase: Guaranteed Growth

During the Accumulation Phase you are looking to build financial security for you and your family. In addition, you are working to grow your assets and accumulate long term wealth in preparation for retirement.

A key aspect of the Income Edge is the guaranteed growth of the Income Account Value during the accumulation phase. Prior to any withdrawals under the Income Edge, the Income Account Value is guaranteed to grow 4% annually for 10 years.

In addition, there is a 105% income account multiple applied to all premium allocated to the indexed strategies in your annuity. For example, if you have \$100,000 in the indexed strategies of your annuity, your starting Income Account Value will be \$105,000 ($\$100,000 \times 105\% = \$105,000$). Any premium allocated to the annuity's fixed strategy will be applied at 95%.

Restart Feature

On or after the 5th contract anniversary, if no withdrawals under the Income Edge benefit have been taken, you have the option to restart the accumulation years. This will establish a new 10-year accumulation period during which your Income Account Value is guaranteed to grow at 4% each year. At the time of restart if the Adjusted Accumulated Value is greater than the Income Account Value, the Income Account Value will be increased to match the Adjusted Accumulated Value and the 4% guarantee will accumulate on the new, higher amount for a new 10-year period. You must wait at least 5 years between restarts and the cost of the Income Edge may be increased based on the current charge at the time you elect to restart (See the Restart Example on the next page).

The longer you defer taking Income Withdrawal payments under the Income Edge, the higher your guaranteed payout will be, see the chart below.

Income Account Value - \$100,000 Initial Premium 4.0% Guaranteed Interest for the First 10 Contract Years

| Years of Income Deferral | Income Account Value* |
|--------------------------|-----------------------|
| No Wait | \$105,000 |
| 1 | \$109,200 |
| 2 | \$113,568 |
| 3 | \$118,110 |
| 4 | \$122,835 |
| 5 | \$127,748 |
| 6 | \$132,858 |
| 7 | \$138,172 |
| 8 | \$143,699 |
| 9 | \$149,447 |
| 10 | \$155,425 |

*Income Account Value accumulates regardless of index performance. This hypothetical example assumes 100% of the premium is allocated to the indexed strategies, no withdrawals, and no restart of the accumulation years.

Restart Example

| Years of Income Deferral | Income Account Value | Hypothetical Adjusted Accumulated Value |
|-----------------------------------|----------------------|---|
| No Wait | \$105,000 | \$105,000 |
| 1 | \$109,200 | \$105,500 |
| 2 | \$113,568 | \$109,000 |
| 3 | \$118,110 | \$117,000 |
| 4 | \$122,835 | \$122,000 |
| 5 | \$127,748 | \$135,000 |
| <i>Restart Accumulation Years</i> | | |
| 5-After restart | \$135,000 | \$135,000 |
| 6 | \$141,750 | \$135,000 |
| 7 | \$147,420 | \$139,000 |
| 8 | \$153,316 | \$139,000 |
| 9 | \$159,449 | \$150,000 |
| 10 | \$165,827 | \$170,000 |
| 11 | \$172,460 | \$175,000 |
| 12 | \$179,358 | \$185,000 |
| 13 | \$186,533 | \$190,000 |
| 14 | \$193,994 | \$195,000 |
| 15 | \$201,754 | \$205,000 |

This illustration is purely hypothetical and is not intended to predict the past or future activity. In this example there are no withdrawals and 100% of the premium is allocated to the indexed strategies.

The hypothetical Adjusted Accumulated Values used in this chart were made up to illustrate how the Restart feature could potentially affect contract values.



Carl and Sharon know that there are many risks associated with retirement—such as rising health care costs, increasing longevity and unexpected life events. But they also know that they need to grow their assets in preparation for when they will stop working in seven years.

So, they purchase an American Investors Life Fixed Indexed Deferred Annuity with \$100,000 of their retirement assets and also elect the Income Edge Optional Living Benefit Rider. Immediately, they receive a 105% income account multiple—making their Day 1 Income Account Value \$105,000.



Distribution Phase: Guaranteed Income & Control

During the Distribution Phase you are looking to provide for a financially independent and comfortable retirement, secure the assets you've accumulated and avoid risk while maintaining the same standard of living that you enjoyed during the Accumulation Phase.

The Income Edge gives you two important options for taking Income Withdrawals; the **Income Withdrawal** and the **Lifetime Income Withdrawal**. These options both provide guaranteed payout percentages while still allowing you to maintain control of your annuity. You can start and stop income payments as you wish, as many times as you wish. Starting Income Edge withdrawals will stop the 4% guaranteed growth in the Income Account Value.

Income Withdrawal

The Income Withdrawal is available Day One and allows you to receive a percentage of your Income Account Value annually until it reaches zero. The maximum annual Income Withdrawal limits for each age range are as follows:

| Age | Income Withdrawal Limit |
|-------|-------------------------|
| 40-84 | 7.0% |
| 85-89 | 7.5% |
| 90+ | 8.0% |

This option is attractive for those who may not need their annuity for lifetime income, but would like a guaranteed payment amount for a certain number of years.

Lifetime Income Withdrawal

This withdrawal option is available Day One (must be age 50 or older) and allows you to receive guaranteed income for life. Your Income Edge Lifetime Income Withdrawals are based on a percentage of your Income Account Value shown in the Maximum Lifetime Income Withdrawal Percentages chart below.

Prior to the first elected Income Edge withdrawal the income percentage increases when you enter a new age bracket. This is a great example of the power of deferral. Once you start an Income Edge withdrawal, your income percentage is locked in for your life. Payment amounts are guaranteed to never decrease as long as you do not elect excess withdrawals. The amount could increase based on the automatic step up feature.

Maximum Lifetime Income Withdrawal Percentages

| Attained Age at Time of Election | Single Annuitant Income Percentage | Joint Annuitants Income Percentage* | Carl and Sharon's Example |
|----------------------------------|------------------------------------|-------------------------------------|---|
| 50-54 | 4.0% | 3.5% | $ \begin{aligned} &\$155,425 \\ &\times 5.0\% \\ &= \mathbf{\$7771.25} \end{aligned} $ <p>The hypothetical amount in this example was taken from the Income Account Value chart on the previous page (assumed 4% guaranteed growth for 10 years, no withdrawals, no restarts, 100% allocation to indexed strategies.)</p> |
| 55-59 | 4.5% | 4.0% | |
| 60-64 | 5.0% | 4.5% | |
| 65-69 | 5.5% | 5.0% | |
| 70-74 | 6.0% | 5.5% | |
| 75-79 | 6.5% | 6.0% | |
| 80-84 | 7.0% | 6.5% | |
| 85-89 | 7.5% | 7.0% | |
| 90+ | 8.0% | 7.5% | |

*Based on the age of the younger annuitant.

Taxable amounts withdrawn prior to age 59½ may be subject to a 10% IRS excise tax.

Automatic Step-up

On each contract anniversary following your first elected Income Edge withdrawal, you are eligible for a step-up. The annual Income Withdrawal will be increased (stepped-up) if your Adjusted Accumulated Value exceeds the Income Account Value at the time you began taking withdrawals under the Income Edge rider. You must notify us if you do not want us to increase the amount of your Income Withdrawal.

Excess Withdrawals

Withdrawals in excess of the percentages of the Income Withdrawal or Lifetime Income Withdrawal will cause future withdrawals to be reduced by the same proportion that the contract's Accumulated Value is reduced by the excess withdrawals. Income payments will stop if excess withdrawals, withdrawal charges or market value adjustments (MVA) reduce the Accumulated Value of the contract to zero. The MVA is not available in all states.

IRS Required Minimum Distributions (RMDs)

Starting at age 70½, the IRS requires individuals to withdraw a minimum amount annually from their retirement account known as Required Minimum Distribution. The Income Edge is completely RMD-friendly, meaning RMDs will not be considered excess withdrawals under this benefit.

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Ten years after Carl and Sharon purchased the Income Edge, they decide to begin taking Income Withdrawals. Although they could have started taking withdrawals on Day one, they understood that the longer they waited to begin taking Income Edge withdrawals, the more their values would grow and the higher their annual withdrawal percentage would be. So they decided to let their fixed indexed annuity earn interest without taking any withdrawals until age 65.

Now, after 10 years, you'll see that their Income Account Value is \$155,425, their Income Edge Withdrawal Percentage has increased to 5.0%, and their first Income Edge Withdrawal is \$7,771.25 of guaranteed annual income for the rest of their lives (see Maximum Withdrawal Percentages chart)!

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Distribution Phase: Creating a Legacy

During this phase you are also looking to provide for the transition and distribution of your assets and wealth to your beneficiaries.

Income Edge Spousal Continuation

Spousal Beneficiary

If the owner's spouse is the sole primary beneficiary and elects to continue to the contract, the benefits of the Income Edge Rider will also continue, providing both of the following conditions are met:

Surviving spouse's attained age on the date of death is at least equal to the minimum issue age requirement for this rider (age 40);
and
the spouse becomes the sole Annuitant and sole Owner of the contract.

If the spousal beneficiary assumes the contract before any Income Withdrawals have been taken, the Rider simply continues in the Accumulation Period.

Spousal continuation does not restart the withdrawal charge schedule.

If an Income Withdrawal has been taken by the time of spousal continuation, the spouse can:

Elect to receive Income Withdrawals until the Income Account Value is equal to zero, at which time the withdrawals will stop and the contract will terminate;

or

continue to receive Lifetime Income Withdrawals if the surviving spouse is a Joint Owner on the date of death of the first owner

Non-Spousal Beneficiary

The Income Edge Rider will terminate upon the date of death of the owner and the Accumulated Value will be paid in a lump sum to the beneficiaries.



The Income Edge Optional Living Benefit Rider is offered with American Investors Life annuities and cannot be elected without purchasing the annuity contract. Refer to the contract and Income Edge benefit disclosure for complete details.

Income Edge Details

The Income Edge Rider must be added at contract issue. It can be cancelled any time in year 1 or after year 5.

Issue Ages

40-85 (owner and annuitant)

Cost

There is an annual charge for the Income Edge beginning immediately. This charge is calculated using the Income Account Value as of the prior annuity contract anniversary; and is deducted monthly from the contract's Accumulated Value.

The cost for this rider, currently 0.40%, is guaranteed for the life of the rider. However, if the owner elects to restart the Accumulation Years, the annual rider cost may be increased to the rate in effect on the date of the restart. The rate is guaranteed to never be greater than the maximum rate of 1.0%.

Premium Allocation

The Income Select series are flexible premium annuities, meaning you may elect to add additional premiums to your contract at any time, even after starting Income Withdrawals. Additional premiums made on the contract anniversary date may be allocated to any combination of the fixed strategy and the indexed interest crediting strategies. Any additional premiums not made on a contract anniversary date are automatically allocated to the fixed strategy and may be reallocated to the indexed strategies on the following contract anniversary.

If additional premiums are made after starting Income Withdrawals or Lifetime Income Withdrawals, the additional premium is added to your Adjusted Accumulated Value. Because the percentage of your withdrawal is based on your Income Account Value, your withdrawal amount will not change at that time. However, if due to the additional premium your Accumulated Value then exceeds your Income Account Value on your next contract anniversary, your Income Account Value will step up automatically which will then increase your Income Withdrawal amount.



Carl and Sharon's story is not unlike most people nearing retirement—they needed to protect their family against risk, accumulate wealth and distribute that wealth in order to provide for a transition of their assets.

Their purchase of an American Investors Life Fixed Indexed Deferred Annuity with the Income Edge Optional Living Benefit Rider was an important part of their retirement planning. It helped provide them with the growth, security, access and control they needed to handle their needs today while also giving them the Edge for their tomorrows.



Financial Strength and Experience to back your dreams. American Investors Life Insurance Company, Inc. was founded in 1965 and is a wholly owned subsidiary of Aviva plc. The company has a strong tradition and experience that comes with a corporate lineage that dates back 300 years.

Strength, security, long-term commitment and growth are important financial characteristics when planning for your retirement. American Investors Life is dedicated to providing these to you through quality products and sound asset management. Our strength has been recognized by independent insurance industry rating agencies as shown below.

You can count on American Investors to continue making the solid, smart choices that makes us one of the top fixed annuity providers in the nation.

A.M. Best: A+ (Superior)

This rating reflects the company's financial strength and ability to meet obligations to policy holders.
(2nd highest rating out of 15)

**Standard and Poor's:
A+ (STRONG)**

This rating reflects the company's financial strength and ability to meet obligations to policy holders.
(5th highest rating out of 24)

This brochure contains highlights only. Please refer to the Income Edge contract for a full explanation of this rider and any charges or limitations. Neither American Investors Life Insurance Company nor its representatives offer legal, tax, accounting or investment advice; please consult a professional specializing in these areas.

Income Edge [form AIR (Rev.9/07) or state variation], an optional rider for which an annual premium is charged is issued by American Investors Life Insurance Company, Inc., Topeka, KS. Product features, limitations and availability vary by State.

Guarantees provided in this rider are subject to the financial strength of the issuing insurance company.

Taxable amounts withdrawn prior to age 59½ may be subject to a 10% IRS penalty in addition to ordinary income tax

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Carl and Sharon's story represents that of many satisfied American Investors Life annuity contract holders nationwide who will not only have a more comfortable tomorrow, but will also sleep better today knowing that they have planned well.

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**It's your future.
Make it bright.**



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