

#4

Could you show me a detailed example so that I may better understand how these *Equity-Index Annuities* work?

Assumptions: PREMIUM = \$100,000, the S&P 500 VALUE is "1239", we are using an Annual-Reset Design (Non-Averaging), with 100% Participation Rate, and a cap of 12%.

- ◆ 1) If the S&P grows to a value of "1363" (*star #1 on the graph below*), the account would be Credited with a 10% Increase, and the account value would Grow to \$110,000.
- ◆ 2) Pretend the S&P 500 grows again to "1500" (*star #2 on the graph below*), the account would be Credited with another 10% Increase, and the Account Value would Grow to \$121,000.
- ◆ 3) Now pretend the S&P 500 drops from "1500" to "1000" (*star #3 on the graph below*). That would be a 33% decrease in the S&P 500. Under these circumstances the Policy Owner does not make any money, but more importantly, because Annual Gains are Locked-In, the Policy Owner Does Not Lose any Money either. At the end of Year #3, the Account Value would still reflect all previous gains at \$121,000.
- ◆ 4) On day #1 of Year #4, the Product resets at the S&P 500 Value of "1000". The account value reflects all previous gains at \$121,000. If the S&P 500 rises in Year #4 to "1100" (*star #4 on the graph below*), the Policy Owner would have another 10% increase to his or her account Now Totaling \$133,100. Now you can see how smart this Product really is allowing you to Participate in the Upside of the Stock Market, WITH NO DOWNSIDE RISK!
- ◆ 5) Policy Owners now have the opportunity to Ride the S&P 500 all the way back up to it's former value of "1500". People who purchased Stock Market sensitive products such as Mutual Funds, when the S&P 500 was at values of "1300", "1400", or "1500" are not "Breaking Even" until the S&P 500 returns to there original values at which the respective Mutual Fund or Variable Annuity was purchased. In our example, if the S&P 500 grows to only "1210" in Year #5 (*star #5 on the graph below*), the Policy Owner would receive another 10% Increase to his or her account, Now Totaling \$146,410.

