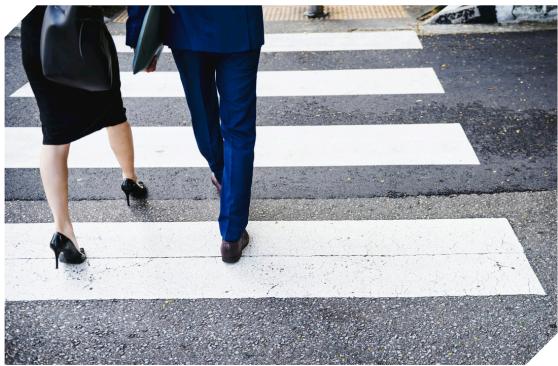




# Indexed Annuities: What Are They?

An indexed annuity is a fixed annuity that earns interest or provides benefits linked to an external reference or an index. The value of the index might be tied to a stock or other index. One of the most commonly used indices is Standard & Poor's Composite Stock Price Index (the S&P 500). The value of any index varies from day to day and is not predictable. When you buy an indexed annuity, you own an insurance contract rather than shares of stock or index.



How are they different from other fixed annuities?

An indexed annuity is different from other fixed annuities because of the way it credits interest to the annuity's value. Some fixed annuities only credit interest calculated at a rate set in the contract. Other fixed annuities also credit interest rates set from time to time by the insurance company. Indexed annuities credit interest using a formula based on changes in the linked index. The formula decides how the additional interest, if any, is calculated and credited. How much additional interest the contract receives and when that interest is received depends on the features of the particular annuity.

An indexed annuity, like other fixed annuities, also guarantees\* to pay a minimum interest rate. The cumulative rate earned will not be less than this minimum guaranteed rate even if the index-linked interest rate is lower over the contract period. The value of the annuity also will not drop below a guaranteed minimum. For example: many single-premium contracts guarantee the minimum value will never be less than 90% of the premium paid, plus at least 3% in annual interest (less any partial withdrawals). The guaranteed value is the minimum amount available during a term for withdrawals, as well as for some annuitizations and death payments. The insurance company will adjust the value of the annuity at the end of each term to reflect an index increase.

\* Subject to the claims paying ability of the issuing insurer and conditions of the annuity contract at time of issue.

**Contact your insurance professional for additional information about Fixed Index Annuities.**

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