

# Loyalty Rewards Escalator 10 Agent Highlights

The Loyalty Rewards Escalator 10 flexible premium deferred equity indexed annuity from Fidelity and Guaranty Life Insurance Company features an impressive variety of options designed to meet your clients' retirement needs. Your clients can select from three interest-crediting options linked to the S&P 500\*, using either point-to-point or monthly averaging. Plus, Loyalty Rewards Escalator 10 rewards your client with a bonus interest of 10% on all premium payments made in the first year of the annuity.

<b>TYPE</b>	Flexible Premium Deferred Equity Index Annuity																						
<b>OPTIONS</b>	<ul style="list-style-type: none"> <li>◆ 1 Year, S&amp;P 500* Monthly Point-to-Point</li> <li>◆ 1 Year, S&amp;P 500* Annual Point-to-Point</li> <li>◆ 1 Year, S&amp;P 500* Monthly Average</li> <li>◆ Fixed Interest</li> </ul>																						
<b>MINIMUM PREMIUM</b>	\$10,000 initial premium (\$2,000 per option); \$2,000 subsequent premium.																						
<b>MAXIMUM PREMIUM</b>	None. Home office approval is required for premiums in excess of \$600,000.																						
<b>ISSUE AGES</b>	0-85 Non-Qualified; 18-85 Qualified																						
<b>SIZZLE</b>	<b>10% Account Value Escalator!</b>																						
<b>MGSV</b>	87.5% of premium, plus daily interest accruing at the MGSV accumulation interest rate, less any amounts previously surrendered and adjusted for any MGSV reallocation. The interest rate is set at issue and is fixed for the life of the contract between 1% and 3%, depending upon what is approved in your state.																						
<b>WITHDRAWAL CHARGES</b>	Depending on the issue state, the annuity will have one of the following surrender charge schedules. Reference the company website for state-specific surrender charge schedules.																						
<b>Annuity Year Surrender Charge</b>	<table border="1"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>6</th> <th>7</th> <th>8</th> <th>9</th> <th>10</th> <th>11+</th> </tr> </thead> <tbody> <tr> <td>14.75%</td> <td>13.75%</td> <td>12.75%</td> <td>11.75%</td> <td>10.75%</td> <td>10%</td> <td>9%</td> <td>8%</td> <td>7%</td> <td>6%</td> <td>0%</td> </tr> </tbody> </table>	1	2	3	4	5	6	7	8	9	10	11+	14.75%	13.75%	12.75%	11.75%	10.75%	10%	9%	8%	7%	6%	0%
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<b>ANNUITY PAYMENT OPTIONS</b>	<ul style="list-style-type: none"> <li>◆ Income for a fixed period</li> <li>◆ Life Income with a Guaranteed Period</li> <li>◆ Life Income</li> <li>◆ Joint and Contingent Life Income</li> <li>◆ Joint and Survivor Life Income with a Guaranteed Period</li> <li>◆ Joint and Survivor Life Income</li> <li>◆ Life Income with a Lump Sum Refund at Death</li> </ul>																						
<b>LIQUIDITY RIDERS</b>	<ul style="list-style-type: none"> <li>◆ Terminal Illness</li> <li>◆ Nursing Home</li> <li>◆ Unemployment</li> <li>◆ Death of Owner</li> </ul>																						
<b>DEATH BENEFIT</b>	No surrender charges will be deducted if the owner dies. The surrender value will equal the sum of the account value of each option surrendered. For equity index options, if the minimum guaranteed surrender value is greater than the account value, the minimum guaranteed surrender value will be paid.																						

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## The Advantages Clients Want:

Choice of four interest-crediting options.

- ◆ Equity Indexed Options (subject to cap):
  - Three options available:
    - ▶ 1 Year, S&P 500\* Monthly Point-to-Point
    - ▶ 1 Year, S&P 500\* Annual Point-to-Point
    - ▶ 1 Year, S&P 500\* Monthly Average
  - Cap for each option set at the beginning of contract year and guaranteed for one year.
  - Minimum cap for Monthly Point-to-Point is 1% per month.
  - Minimum cap for Monthly Average and Annual Point-to-Point is 3% per year.
  - Annual Index credit is never less than zero.
- ◆ One Fixed Interest Option
  - This option guarantees a competitive interest rate for successive one-year periods.

## 10 Percent Account Value Escalator

The Account Value Escalator 10 will pay a bonus interest rate of 10% on any first year premium payments, credited at 1% annual interest rate for ten years. The bonus interest rate will be credited on the first year premium payments when they are initially paid and thereafter on each anniversary.

This bonus interest crediting will cease before the 10th year has ended if your client annuitizes or fully surrenders the annuity. Interest crediting will be proportionally allocated based on the then current account value allocation. Once the bonus interest is credited, it may earn interest or index credits as appropriate.

Withdrawals or partial surrenders in excess of any free surrender amount will cause a portion of the future bonus interest to be forfeited. The portion of bonus interest forfeited equals the percentage of account value withdrawn that is subject to surrender charges divided by the total account value that is subject to surrender charge.

## The Advantages You Want

- Competitive commissions
- Potential to qualify for the Conference of Champions
- Full illustration support
- Knowledgeable and experienced sales representatives just a phone call away.
- The financial strength of Fidelity and Guaranty Life

## How Does Loyalty Rewards Escalator 10 Work?

Your clients select whether they want interest credited to their annuity in the form of a fixed interest rate declared annually or

based on a formula linked to changes in the S&P 500\*.

Plus, they also have the choice of interest crediting using:

- ▶ point-to-point values or
- ▶ monthly averaged values.

If your clients make a full surrender, they will receive the account value (less surrender charges during the first 10 years) or the minimum guaranteed surrender value – whichever is greater.

## How the Account Value is Determined Using Monthly Point-to-Point

1. The index value at the end of any given policy month will be compared to the index value at the beginning of that policy month to determine the point-to-point index change for that month.
2. The monthly point-to-point index change is determined by subtracting the prior month's index value from the current month's index value and dividing it by the prior month's index value.
3. If this results in a positive index change and is not more than the declared monthly cap, it is used as the capped index change for that month. If the index change is greater than the declared monthly cap, the declared monthly cap rate is used as the capped index change for that month. If the index change is negative, a negative index change is used for that month. A negative monthly point-to-point index change is not subject to a cap.
4. At the end of the annual index crediting period, the positive capped and negative index changes for each month during the period will be added together. The sum will be the index credit rate on the index crediting date. That rate will be multiplied by the option's account value to determine the total index credit. If the sum of the index changes results in a negative value, the index credit applied will be zero. There will never be a negative index credit.

## How the Account Value is Determined Using Annual Point-to-Point

1. The index value on the current year's anniversary is compared to the index value on the prior year's anniversary.
2. The index change is determined by subtracting the prior anniversary's index value from the current anniversary's index value and dividing it by the prior anniversary's index value.
3. If this results in a positive index change and is not more than the declared cap, it is applied as the index credit rate on the index crediting date.

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- If the index change is negative, a zero percent credit is applied. If the index change is greater than the declared cap, the declared cap rate is used as the index change. The cap is set at the beginning of each contract year and is guaranteed for one year.

## How the Annual Account Value is Determined Using Monthly Averaging

- The index average, calculated at the end of the current year, is determined by averaging the index values, on a monthly basis, over the current year.
- The index average for the current year is compared to the index value on the prior anniversary.
- The index change is determined by subtracting the prior anniversary's index value from the index average and then dividing it by the prior anniversary's index value.
- If this results in a positive index change and is not more than the declared cap, it is applied as the index credit rate on the index crediting date.
- If the index change is negative, a zero percent credit is applied. If the index change is greater than the declared cap, the declared cap rate is credited to the account value. The cap is set at the beginning of each contract year and is guaranteed for one year.

## How the Minimum Guaranteed Surrender Value is Determined

The Minimum Guaranteed Surrender Value for a full surrender is 87.5% of premium, plus daily interest accruing at the MGSV accumulation interest rate, less any amounts previously surrendered, adjusted for any MGSV reallocation.

The interest rate is set at issue, fixed for the life of the contract between 1% and 3%, depending upon what is approved in your state.

## Fixed Option

For the fixed interest option, interest is credited daily, is declared in advance, and is guaranteed for one year and will not be less than the guaranteed minimum effective annual interest rate. The guaranteed minimum effective annual interest rate is a rate set at issue and is fixed for the life of the contract between 1% and 3%, depending on what is approved in the issue state.

## Account Value Reallocation

On each annuity anniversary, your client has the opportunity to reallocate money among all account value options, after any applicable index credits, in increments of at least \$2,000 and subject to minimum account value constraints for each option. The reallocation will become effective on the annuity anniversary.

Any additional premium received will be initially placed into the fixed interest option. On the annuity anniversary the client may reallocate any portion of the account value between any of the four account value options.

## Loyalty Rewards Escalator 10 Features-At-A-Glance

### Ideal Retirement Savings Time Horizon

10+ years

### Issue Dates

Issue dates: 1st, 8th, 15th, and 22nd of each month.

Applications will be held and premium checks will be held without interest, until the next available issue date. Annuities issued on each date include all applications received no later than 5:00 p.m. (Eastern time) two business days prior to the issue date.

If the applicable issue date falls on a weekend or Fidelity and Guaranty Life designated holiday, we will accept premiums up to 5:00 p.m. (Eastern time) on the Fidelity and Guaranty Life business day two days prior to the weekend or holiday. For example, if the issue date is a Sunday, we will accept premiums through the previous Thursday for that issue date. Premiums received after this time will be deemed received on the next Fidelity and Guaranty Life business day (i.e. will be deemed received *after* the weekend/holiday issue date).

The index value that will be used when the issue date falls on a weekend/holiday, will be the index value from the first day the stock market is open, *after* the weekend or holiday.

### Partial Surrenders

After the end of the first year, clients may choose to take annual free partial surrender of up to 10 % of the account value as of the prior policy anniversary, less any prior free surrenders taken during the current year.

### Systematic Withdrawal Option

The client may elect an automatic payment of either interest only or a specific amount on a recurring basis. Surrender charges may apply. Minimum payment per mode is \$100. Frequency can be monthly, quarterly, semi-annual or annual.

### Surrender Charge is Waived for a Full or Partial Withdrawal:

- Upon annuitization after the 5th anniversary.
- When death benefit is paid, unless the spouse of the first owner to die continues ownership of the annuity, and subsequently surrenders the annuity.
- When nursing home surrender charge waiver applies.
- When terminal illness surrender charge waiver applies.
- When unemployment surrender charge waiver applies.

## Waivers

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## **Nursing Home Waiver**

If the owner is confined to a licensed nursing home for more than 60 days beginning after the first year of the annuity, Fidelity and Guaranty Life will not deduct a surrender charge from the account value upon a full or partial surrender.

## **Terminal Illness Waiver**

If, after the first year of the annuity, the owner is diagnosed by a licensed physician as having an illness or condition resulting in a life expectancy of less than one year, Fidelity and Guaranty Life will not deduct a surrender charge from the account value upon a full or partial surrender.

## **Unemployment Waiver**

If the owner is under age 65 and becomes unemployed any time after the annuity is issued, and remains unemployed for at least 30 days, Fidelity and Guaranty Life will not deduct a surrender charge from the account value upon a full or partial surrender while the owner is unemployed.

## **Minimum Required Distributions**

Calculation and payment support available.

## **Qualified Plans**

Rollovers from IRAs, or to serve as a rollover IRA for corporate 401(k), TSAs, pension or profit sharing plans.

## **Free Look**

10 Days or longer as required by state law.

## **Rate Protection on Section 1035 Exchanges**

60 Days

Call your Master General Agent, or our Sales Support Center for details at 800-445-6758 or email us at [sales-support@omfn.com](mailto:sales-support@omfn.com).

## **Notes:**

- Interest rates are effective annual interest rates and are subject to change.
- \*Standard & Poor's®, "S&P®", "S&P500®", "Standard & Poor's 500" and "500" are trademarks of the McGraw-Hill Companies, Inc. and have been licensed for use by Fidelity and Guaranty Life Insurance Company. This Product is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of purchasing the Product.
- Withdrawals may be subject to income tax. If withdrawals are made before age 59 1/2, they also may be subject to an IRS penalty tax. It is recommended that tax advisors be consulted.
- This document is not a legal contract. Refer to the annuity for exact terms and conditions.
- Form Numbers: FGL FPDA-EIA-C (2005), FGL FPDA-EIA-C (2005) [14.75-10A], FGL FPDA-EIA-C (2005) [9-10B], FGL FPDA-EIA (2005), FGL FPDA-EIA (2005) [14.75-10A], FGL FPDA-EIA (2005) [9-10B].
- Subject to state availability. Certain restrictions may apply. Annuities issued by Fidelity and Guaranty Life Insurance Company, Baltimore, MD.

## **About Us – Old Mutual Financial Network**

Old Mutual Financial Network (OMFN) is a part of the Old Mutual group of companies. Founded in 1845, Old Mutual plc maintains its primary listing on the London Stock Exchange (LSE: OML) and ranks as the world's 12th largest insurer (Life/Health), a Fortune Global 500 company (#304) and a FTSE 100 financial services group. Working through its network of established insurance companies (Fidelity and Guaranty Life, Americom Life and Annuity and Fidelity and Guaranty Life of New York) OMFN is committed to delivering innovative and balanced financial solutions.

## **About Us – Fidelity and Guaranty Life Insurance Company**

As the largest of the Old Mutual Financial Network brands, Fidelity and Guaranty Life Insurance Company (Fidelity and Guaranty Life) has been providing a diverse portfolio of annuities and life insurance products since 1959. Working with an established group of master general agents, our products are distributed in 49 states, the District of Columbia, and in New York through a wholly owned subsidiary, Fidelity and Guaranty Life of New York.

Not a deposit • Not FDIC insured • Not insured by any Federal Government Agency • Not guaranteed by a financial institution (such as a bank, savings association, or credit union) • The financial institution may not condition an extension of credit on the consumer's purchase of an insurance product or an annuity from the financial institution or any of its affiliates. The consumer is free to purchase the insurance product or annuity from another source.

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