

# Annuity



Issued by North American Company for Life and Health Insurance®

## The benefits of a fixed index annuity

Fixed index annuities (FIA) can be a valuable planning vehicle for retirement savings<sup>1</sup>. They offer protection from market downturn and guarantees that you expect along with growth opportunity to help build your retirement savings. North American's fixed index annuities help provide peace of mind by offering:

- Tax deferral<sup>2</sup>
- Annuity payout options
- Ability to avoid probate
- Liquidity options
- Full accumulation value at death
- Fixed account option

These important features can be found in each North American fixed index annuity. Fixed index annuities also offer a unique opportunity to earn interest linked to the growth of various stock market indices without experiencing the downside risk. The interest credits for a fixed index annuity will not mirror the actual performance of the index itself, but rather the index closes (whether it be daily, monthly, annually, etc.) are used as a basis for determining what the interest credits will be.



It's important to understand how the components work within a fixed index annuity. Fixed index annuities are not an investment in the stock market or applicable indices. There are two main aspects that factor in to determining the interest credits, the index account (crediting method) option and the index itself.

### Crediting methods

North American offers several crediting methods that can be used to calculate interest credits, including:

- Annual Point-to-Point
- Daily Average
- Two-year Point-to-Point
- Monthly Point-to-Point
- Monthly Average
- Threshold Participation Strategy

For specific details on how each of the crediting methods work, reference the product-specific brochure and "How It Works: Crediting Methods" brochure.

### Indexes

Along with the crediting methods, the other important aspect in determining your interest credits is the index itself. North American offers multiple index options that allow you to remain in the driver's seat with your retirement dollars. As previously mentioned, the interest credits that are derived from a FIA will not mirror the actual performance of the index itself. The interest credits are determined based on the index account option chosen, the performance of the index, and will be subject to an index cap rate, index margin and/or a participation rate depending on the product. Reference the product-specific brochure for additional details.

North American prides itself on being a leader in choices and flexibility. We feel it's important to offer choices in an effort to provide opportunity to maximize your retirement savings.

**Choosing the right accumulation vehicle for retirement is important. With so many choices, make sure to ask your financial professional about fixed index annuities today.**

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The term financial professional is not intended to imply engagement in an advisory business in which compensation is not related to sales. Financial professionals that are insurance licensed will be paid a commission on the sale of an insurance product.

1. Fixed index annuities are not a direct investment in the stock market. They are long term insurance products with guarantees backed by the issuing company. They provide the potential for interest to be credited based in part on the performance of specific indices, without the risk of loss of premium due to market downturns or fluctuation. Although fixed index annuities guarantee no loss of premium due to market downturns, deductions from the accumulation value for optional benefit riders or strategy fees or charges associated with allocations to enhanced crediting methods could exceed interest credited to the accumulation value, which would result in loss of premium. They may not be appropriate for all clients. Interest credits to a fixed index annuity will not mirror the actual performance of the relevant index.

2. Under current law, annuities grow tax deferred. An annuity is not required for tax deferral in qualified plans. Annuities may be subject to taxation during the income or withdrawal phase. Please note that neither North American, nor any agents acting on its behalf, should be viewed as providing legal, tax or investment advice. Consult with and rely on your own qualified advisor.