

# The Benefits of a **Fixed Index Annuity**



# You can have all the Choices with North American Fixed Index Annuities

IF YOU'RE LOOKING FOR:

NORTH AMERICAN'S FIXED INDEX ANNUITIES CAN PROVIDE:

*Safety and Guarantee*



Preservation of premium with a minimum interest rate guarantee on Fixed Account money<sup>1</sup>.

*Growth Potential*



Enhanced growth potential with stock market-linked indices.

*Option for guaranteed income*



The opportunity to generate a guaranteed lifetime income through annuity payout options.

1. Assumes no withdrawals in excess of free amount or optional rider fees.

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. They may not be appropriate for all clients.

# What is a Fixed Index Annuity?

A Fixed Index Annuity is an insurance contract that provides you with all of the features of a traditional Fixed Annuity, plus Interest Credits linked to a stock market index.

- Safety of premium<sup>1</sup>
- Minimum interest rate guarantee on Fixed Account money
- Power of tax-deferral
- Potential of stock market-linked growth
- Lifetime income available
- Potential to avoid probate

1. Assumes no withdrawals in excess of free amount or optional rider fees.

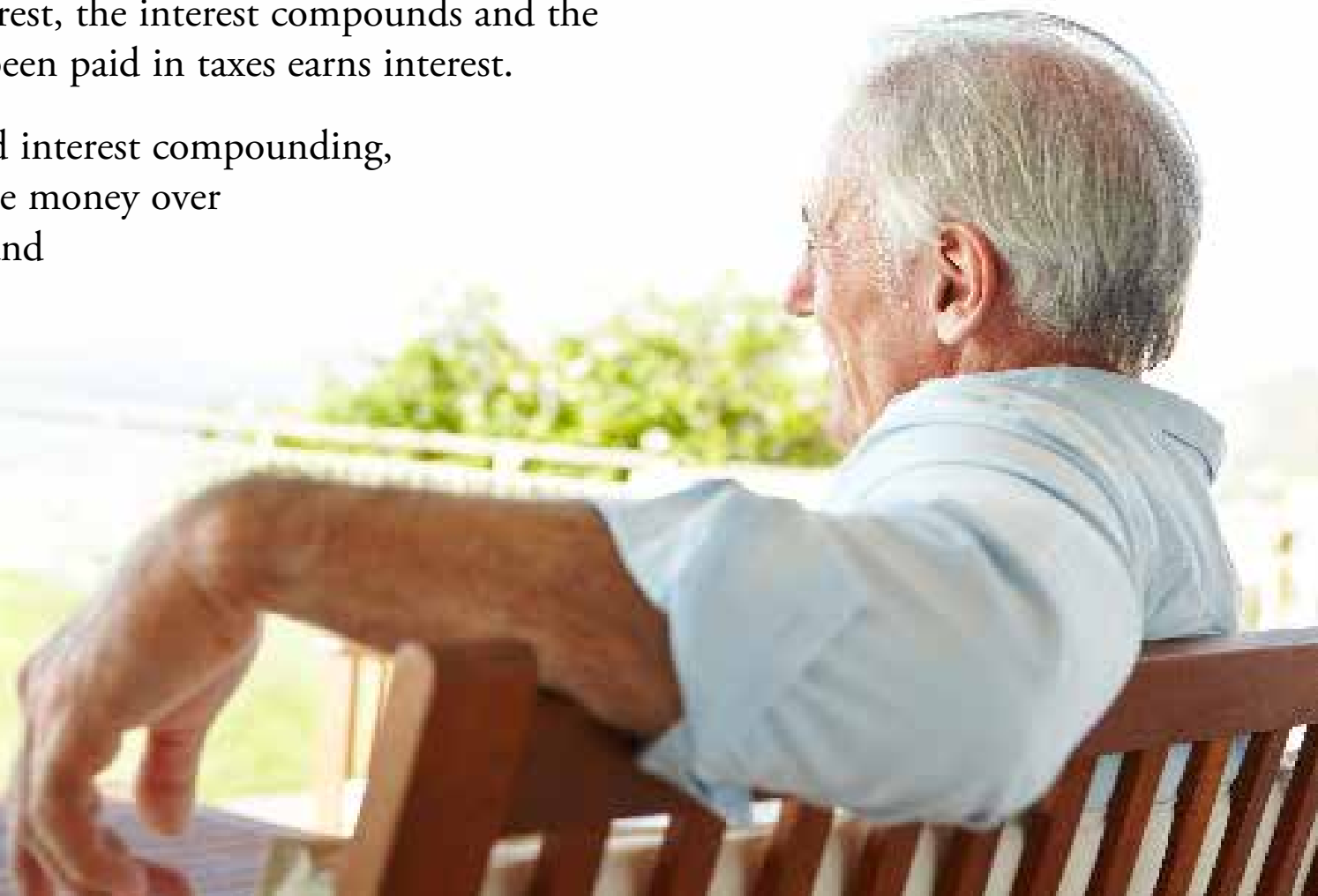


# Annuity Values Grow Tax-Deferred

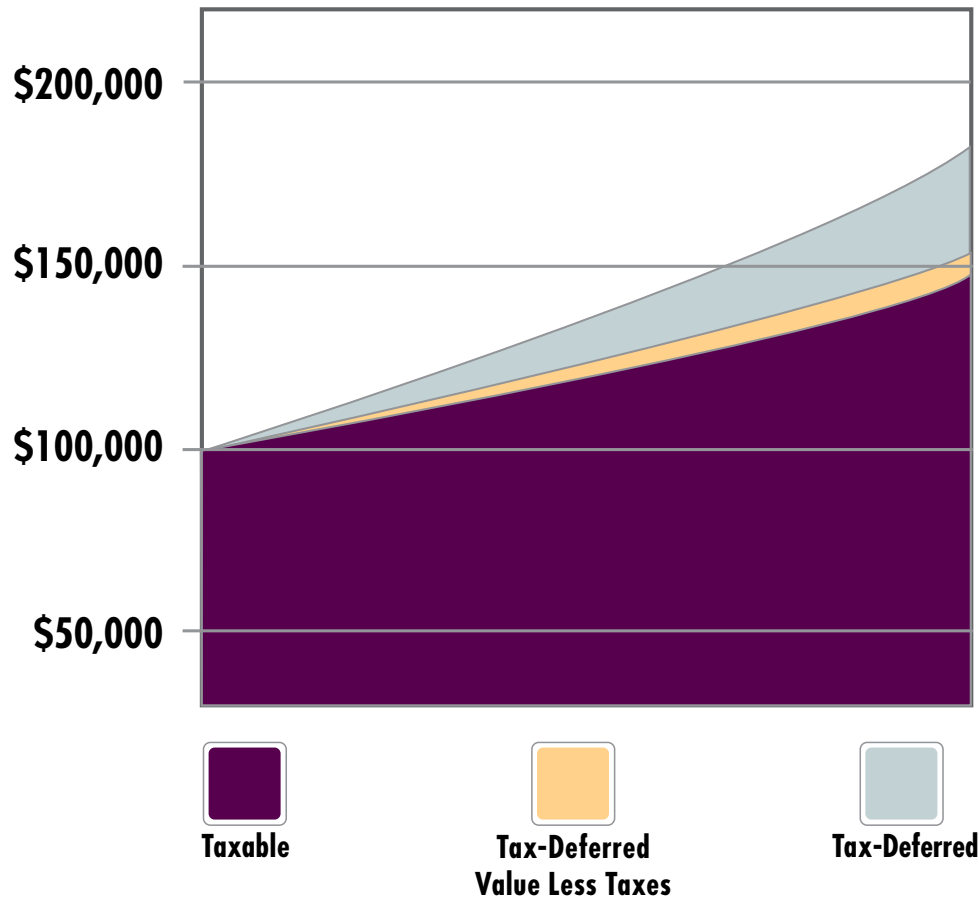
With an annuity, your money grows faster because you earn interest on dollars that would otherwise be paid in taxes and this interest is compounded. Under current law, annuities grow tax-deferred. Annuities may be subject to taxation during the income or withdrawal phase.

- Your premium earns interest, the interest compounds and the money that would have been paid in taxes earns interest.
- With this tax-deferral and interest compounding, you may accumulate more money over a shorter period of time and consequently earn more.

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.



# The Power of Tax-Deferral



The chart is a hypothetical example of tax-deferral and assumes an initial premium of \$100,000 earning 4.00% compounded annual rate of return for 15 years. Not intended to predict or project performance. Tax deferred value less taxes represents the increase in value, due to tax-deferral, less taxes at an assumed rate of 33% with no surrender charge or Market Value Adjustment applied.

# The Power of Tax-Deferral

## Taxable vs Non-Taxable Equivalent Yields

How much do you need to earn in a taxable savings plan to compare with a tax-deferred annuity from North American?

Remember that annuity earnings will be taxed in the “payout” or distribution phase.

REAL RATE OF RETURN (ASSUMING 28% TAX BRACKET)						
Assumed Rate	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%
If Assumed Rate is taxable, actual after-tax yield is	1.44%	2.16%	2.88%	3.60%	4.32%	5.04%
If Assumed Rate is tax-deferred, the required taxable interest rate to produce after-tax yield equivalent to the Assumed Rate is	2.78%	4.17%	5.56%	6.95%	8.34%	9.73%

This table shows the interest rate required on a taxable investment to equal the interest rate of a tax-deferred annuity in accumulation. For example, a non-tax-deferred rate of 5% produces an after-tax yield of 3.60%. A 6.95% interest rate on a taxable investment would be necessary to equal the 5% interest rate of a tax-deferred annuity in accumulation.



# Potential of Stock Market-Linked Growth Without Risk

A Fixed Index Annuity allows for the potential of stock market-linked growth without the risk of any market-type loss.

Compare a non-tax-deferred fixed rate vehicle with a fixed index annuity. You will note that a North American fixed index annuity insulates you from the risk of market downturns.



FINANCIAL VEHICLE COMPARISON		
	Non Tax-Deferred Fixed Rate Vehicle	Fixed Index Annuity
Tax Deferral		✓
Premium Guaranteed	✓	✓ <sup>1</sup>
Upside Market Potential		✓
Liquidity		✓
Potential to avoid probate		✓

The tax-deferred feature is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as Death Benefit, lifetime annuity payments and riders make the contract appropriate for your needs. Neither North American, nor any agents on its behalf, should be viewed as providing legal, tax or investment advice. Please consult with and rely on your own tax advisor. An annuity product is designed as a long-term vehicle and should not be purchased to reach short-term financial goals. Withdrawals taken prior to age 59½ may be subject to a 10% IRS penalty. Under current law, annuities grow tax-deferred.

1. Assumes no withdrawals in excess of free amount or optional rider fees.

# Lifetime Income Through Annuity Payout Options

You've worked a lifetime building your retirement savings, but you may still be asking yourself questions such as, "Have I saved enough?", and "Will I outlive my money?" When building a retirement savings that is sustainable for the future, you need to consider the factors that will impact retirement planning.

## INFLATION

In the last 10 years, inflation has risen an average of 2.30%. (Source: ForecastChart.com - September, 2014)

## LIFE EXPECTANCY

Life expectancy at birth increased dramatically in the 20<sup>th</sup> century.

IMPORTANCE OF LIFETIME INCOME		
Lifetime income is more important than ever as people are living longer.		
1901	49 Years	<b>62% Increase</b>
2013	79 Years	
Source: U.S. Department of Health and Human Services, May 2015, DHHS Publication No. 2015-1232		
The population of people 65 and over will grow		
2000	35 million or 13% of U.S. Population	
Projected 2030	72 million or 20% of U.S. Population	
Source: Older Americans 2012 Key Indicators of Well Being Report, The Federal Interagency Forum on Aging-Related Statistics, June 2012		

## HEALTH CARE COSTS

Health care costs are projected to increase an average rate of 5.7% per year for 2015-2023.

(Source: Center of Medicaid - Medicare - June 2015)

## SOCIAL SECURITY

Changes in Social Security could affect future payments. Social Security is projected to run out of income by 2035.

(Source: Social Security Board of Trustee 2014 Report, NASRA, Social Security Administration)

A North American fixed index annuity can provide a planning solution that delivers an option for guaranteed income you can't outlive in your retirement years.



# Probate

Probate is the legal process a person's estate goes through at death, transferring assets to beneficiaries and concluding financial affairs.

## PROBATE

- Public record
- Could take months or years

## ANNUITY

- May avoid probate
- Proceeds go directly to your named beneficiary

Proceeds from an annuity are the business of you, your named beneficiary, and North American.



# Surrender Charges

- Range from 8 through 14 years.
- Allow the Company to invest long-term and generally credit higher yields than on a shorter term similar annuity.
- Assessed on any amount withdrawn, whether partial or full, exceeding the penalty-free amount

# Market Value Adjustment

(also referred to as Interest Adjustment)

- Included on most North American annuities.
- May decrease or increase surrender value, depending on changes in interest rates since purchase.

*Surrender charges and the availability of a Market Value Adjustment will vary by product and issue state. Please see specific product brochure for further product details and limitations.*





# Confidence with Guarantees

Fixed Index Annuities with North American offer guarantees such as:

- Minimum Surrender Value
- Minimum Guaranteed Interest Rate on money in the Fixed Account
- Interest Credit locked in annually, every two years or three years (based on index account option)
- An option for guaranteed lifetime income payouts



# North American's Fixed Index Annuity Product Line is Flexible and Diverse

You may allocate money amongst several unique stock market-linked index accounts:

- Dow Jones Industrial Average™
- EURO STOXX 50®
- Nasdaq-100®
- Russell 2000®
- LBMA Afternoon (PM) Gold Price
- Standard & Poor's 500®
- S&P 500® Low Volatility Daily Risk Control 5%
- S&P 500® Low Volatility Daily Risk Control 8%
- Standard & Poor's Midcap 400®
- Hang Seng
- Hindsight Index Strategy®

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The Gold Price Index Option credits interest based on the change in the price of gold per troy ounce in US Dollars as established by the London Bullion Market Association (LBMA) Afternoon (PM) Gold Price and administered by the ICE Benchmark Administration (IBA). The LBMA Afternoon (PM) Gold Price is available at the website

<http://www.lbma.org.uk/pricing-and-statistics>. We reserve the right to add, remove or revise availability of the Gold Price Index Option, or to substitute a different widely published benchmark for the price of gold for the use in the Gold Price Index Option. The Gold Price Index Option does not constitute a purchase of or direct investment in gold.

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# No Single Index has Consistently Been the Top Performer

## PERIODIC CHART OF INDICES

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
HIGHEST	EURO STOXX 50® INDEX 22.54%	HANG SENG INDEX 32.94%	HANG SENG INDEX 36.84%	LBMA AFTERNOON (PM) GOLD PRICE 6.18%	NASDAQ 100® INDEX 56.38%	LBMA AFTERNOON (PM) GOLD PRICE 27.71%	LBMA AFTERNOON (PM) GOLD PRICE 11.22%	HANG SENG INDEX 23.20%	RUSSELL 2000® INDEX 39.48%	NASDAQ 100® INDEX 19.95%
	LBMA AFTERNOON (PM) GOLD PRICE 17.66%	LBMA AFTERNOON (PM) GOLD PRICE 21.33%	LBMA AFTERNOON (PM) GOLD PRICE 31.90%	S&P 500® LOW VOL DRC 5 INDEX -2.01%	HANG SENG INDEX 51.01%	RUSSELL 2000® INDEX 24.68%	DJIA® INDEX 6.20%	EURO STOXX 50® INDEX 14.60%	NASDAQ 100® INDEX 36.98%	S&P 500® INDEX 13.00%
	S&P MIDCAP 400® INDEX 11.69%	RUSSELL 2000® INDEX 17.19%	NASDAQ 100® INDEX 19.79%	DJIA® INDEX -35.15%	S&P MIDCAP 400® INDEX 40.32%	S&P MIDCAP 400® INDEX 24.05%	S&P 500® LOW VOL DRC 5 INDEX 3.20%	NASDAQ 100® INDEX 14.06%	S&P MIDCAP 400® INDEX 33.24%	S&P MIDCAP 400® INDEX 9.68%
	HANG SENG INDEX 6.23%	DJIA® INDEX 15.92%	DJIA® INDEX 6.91%	RUSSELL 2000® INDEX -37.45%	RUSSELL 2000® INDEX 31.20%	NASDAQ 100® INDEX 18.47%	NASDAQ 100® INDEX 2.67%	S&P MIDCAP 400® INDEX 13.72%	S&P 500® INDEX 31.28%	DJIA® INDEX 8.96%
	RUSSELL 2000® INDEX 3.81%	S&P 500® LOW VOL DRC 5 INDEX 14.50%	EURO STOXX 50® INDEX 6.63%	S&P MIDCAP 400® INDEX -39.22%	S&P 500® INDEX 26.47%	S&P 500® INDEX 11.67%	S&P 500® INDEX 0.41%	RUSSELL 2000® INDEX 11.69%	DJIA® INDEX 27.56%	S&P 500® LOW VOL DRC 5 INDEX 7.68%
	S&P 500® INDEX 3.37%	EURO STOXX 50® INDEX 14.22%	S&P MIDCAP 400® INDEX 6.49%	S&P 500® INDEX -39.76%	LBMA AFTERNOON (PM) GOLD PRICE 25.65%	DJIA® INDEX 9.68%	S&P MIDCAP 400® INDEX -3.29%	S&P 500® INDEX 11.04%	EURO STOXX 50® INDEX 18.05%	RUSSELL 2000® INDEX 4.52%
	S&P 500® LOW VOL DRC 5 INDEX 2.14%	S&P 500® INDEX 13.58%	S&P 500® INDEX 3.77%	NASDAQ 100® INDEX -42.98%	EURO STOXX 50® INDEX 25.28%	HANG SENG INDEX 6.99%	RUSSELL 2000® INDEX -5.67%	LBMA AFTERNOON (PM) GOLD PRICE 5.38%	S&P 500® LOW VOL DRC 5 INDEX 12.22%	EURO STOXX 50® INDEX 1.13%
	NASDAQ 100® INDEX 1.95%	S&P MIDCAP 400® INDEX 9.20%	S&P 500® LOW VOL DRC 5 INDEX 3.21%	EURO STOXX 50® INDEX -45.78%	DJIA® INDEX 21.69%	S&P 500® LOW VOL DRC 5 INDEX 4.49%	EURO STOXX 50® INDEX -18.34%	DJIA® INDEX 5.30%	HANG SENG INDEX 2.55%	HANG SENG INDEX 1.10%
LOWEST	DJIA® INDEX -0.14%	NASDAQ 100® INDEX 6.26%	RUSSELL 2000® INDEX -2.86%	HANG SENG INDEX -47.99%	S&P 500® LOW VOL DRC 5 INDEX 9.43%	EURO STOXX 50® INDEX -6.18%	HANG SENG INDEX -20.01%	S&P 500® LOW VOL DRC 5 INDEX 4.28%	LBMA AFTERNOON (PM) GOLD PRICE -26.64%	LBMA AFTERNOON (PM) GOLD PRICE -2.39%

- STANDARD & POOR'S 500® INDEX (S&P 500®)
- DOW JONES INDUSTRIAL AVERAGE™ INDEX (DJIA®)
- RUSSELL 2000® INDEX
- HANG SENG INDEX
- S&P 500® LOW VOLATILITY DAILY RISK CONTROL 5% INDEX (S&P 500® LOW VOL DRC INDEX)
- STANDARD & POOR'S MIDCAP 400® INDEX (S&P MIDCAP 400®)
- EURO STOXX 50®
- NASDAQ-100® INDEX
- LBMA GOLD PRICE

This chart is intended to provide a historical overview of the percentage change in closing values of specific indices from calendar year end to the following calendar year end. It depicts a relative ranking of each index from highest performing to lowest performing based on the percentage change in year end values from one year to the next. The S&P 500® Low Volatility Daily Risk Control 5% Index has been in existence since 8/18/2011. Ending values in years prior to inception are determined by S&P Dow Jones Indices LLC or its affiliates ("SPDJ") using the same methodology as used currently. The results shown are not reflective of a direct investment in the stock market or any individual stocks, nor should this be viewed as a prediction of future performance, or that any one index may out perform another over time, or future index credited within any of our Fixed Index Annuity products. This information is provided for general reference purposes and should not be viewed as investment advice. Neither North American, nor any agents acting on its behalf should be viewed as providing legal, tax or investment advice. Always consult with and rely on a qualified advisor when making a purchasing decision.

# Who Can Benefit From a Fixed Index Annuity with North American?

- Conservative savers
- CD and traditional fixed annuity owners  
Annuities are not deposits of or guaranteed by any bank and are not insured by the FDIC or any other agency of the US. All guarantees are subject to the financial strength of North American.
- Retirement savers
- Savers desiring potentially higher returns with downside protection of premium from market loss
- Planners looking for a guaranteed lifetime income stream



## HOW CAN YOU BENEFIT?

Preservation of premium with a minimum interest rate guarantee on Fixed Account money.

*~ and ~*

Enhanced growth potential with stock market-linked indices.

*~ and ~*

The opportunity to generate a guaranteed lifetime income.



# FINANCIAL STRENGTH

All North American tax-deferred annuities are backed by the financial strength of our investment portfolio, which emphasizes high-quality bonds that provide safety, liquidity and competitive interest rates. For almost 30 years, we have consistently earned high ratings from the rating company A.M. Best. These ratings are based on our financial strength, operating performance and ability to meet obligations to our contract holders.

## PORTRAIT OF FINANCIAL STABILITY

A.M. Best	A+ (Superior) <sup>* , °</sup>	2nd highest out of 15 categories	A.M. Best is a large third-party independent reporting and rating company that rates an insurance company on the basis of the company's financial strength, operating performance, and ability to meet its obligations to contract holders.
Standard & Poor's Corporation	A+ (Strong) <sup>° , §</sup>	5th highest out of 22 categories	Standard & Poor's Corporation is an independent third-party rating firm that rates on the basis of financial strength.

\* A.M. Best rating affirmed on June 3, 2015. For the latest rating, access [www.ambest.com](http://www.ambest.com).

° Awarded to North American as part of Sammons Financial Group, which consists of Midland National® Life Insurance Company and North American Company for Life and Health Insurance®.

§ Standard and Poor's assigned its rating February 26, 2009 and affirmed on July 2, 2015.

Ratings shown reflect the opinions of the rating agencies and are not implied warranties of the company's ability to meet its financial obligations. Ratings are current as of the date of this brochure.



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