

Annuity Basics

What is an annuity?

An annuity is a contract that makes payments to you at regular intervals based on purchase payments that you pay for the contract. The main reason to buy an annuity contract is to obtain an income, usually for retirement purposes. You can buy annuity contracts from life insurance and other financial services companies.

Our companies offer three different types of fixed annuities:

- ★ A **traditional fixed annuity** offers the stability of a fixed interest rate that is determined by the company and is guaranteed never to be below a minimum interest rate.
- ★ A **fixed-indexed annuity** is a variation of a traditional fixed annuity, and gives you the opportunity to earn interest at an interest rate that is determined according to a formula based, in part, on the change of a referenced index, such as the S&P 500®.
- ★ An **immediate annuity** is an annuity that can give you access to a stream of income immediately after you purchase it.

An annuity contract is not a life insurance policy or a health insurance policy. It is not a savings account or savings certificate, nor should it be bought for short-term purposes.

Are there charges that will affect the value of my annuity?

There are no up front sales charges or administrative fees. If you withdraw all or part of your annuity, you may incur an early withdrawal charge (surrender charge). This charge is usually a percentage of the value of the contract, or of purchase payments paid. The percentage may be reduced or eliminated after the contract has been in force for a certain number of years.

How much income will I receive from my annuity?

The amount of each income benefit payment is determined when payments begin. Income benefit payments are based on both the value of the contract and the contract's annuity purchase rate when the income benefit payments start. The annuity purchase rate depends on your age and the payout option you have chosen.



How long will I continue to receive income benefit payments?

The length of time over which income benefit payments are made depends on the payout option you choose. The most commonly available payout options are:

- ★ **Fixed period income**—you choose the length of time to receive payments.
- ★ **Life income with payments for at least a fixed period**—receive payments for the rest of your life with payments guaranteed for a specified period of time.
- ★ **Joint and one-half survivor income**—receive payments for the rest of your life. Your surviving joint annuitant then receives 50% of the original payment amount for the remainder of his or her life.

Are there other benefits with an annuity contract?

Death benefit

Most contracts provide that if you die before the income benefit payments start, the contract value will be paid to your beneficiary. Some contracts provide that the death benefit will be the total purchase payments paid if that amount is greater than the value of the contract at death.

Surrenders & withdrawals

Most annuity contracts allow you to surrender your contract if income benefit payments to you have not yet started. Upon surrender, the contract terminates. The surrender benefit is generally equal to your contract value, less early withdrawal charges, if any. Most annuity contracts also provide that you may withdraw a portion of your contract value, under certain conditions, without terminating the contract. An early withdrawal charge may apply when you take a withdrawal.

A solid company

Preparing for your future with a financially strong company should be a high priority. Annuity Investors Life Insurance Company® and Great American Life Insurance Company® are subsidiaries of American Financial Group® and are members of Great American Insurance Group. Our roots go back to 1872 with the founding of our flagship company, Great American Insurance Company. As of March 20, 2015, Annuity Investors Life and Great American Life are rated “A” (Excellent) for financial strength and operating performance by A.M. Best. This is the third highest of 16 possible ratings. Headquartered in Cincinnati, Ohio, AFG is a publicly traded company on the New York Stock Exchange and has assets of more than \$49 billion as of June 30, 2015.

Focused on your needs

Our companies offer a broad product portfolio to meet consumer demands during varying market conditions.

Great American Life Insurance Company

Single premium fixed and fixed-indexed annuities designed with the needs of retirees in mind.

Annuity Investors Life Insurance Company

Fixed and fixed-indexed annuities designed for employees of school districts and not-for-profit organizations.

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