BalanceShield™ 10
FIXED INDEX ANNUITY

AMERICAN EQUITY
INVESTMENT LIFE INSURANCE COMPANY®

Gains-to-Date Feature

Help Your Clients Capture MORE Interest Credits

This brochure must be used in conjunction with the product sales brochure.

One of the distinctive features of the BalanceShield 10 product

Gains-to-Date gives your clients the ability to capture interest credits in 3 key scenarios.

1 Partial withdrawals made during the Strategy Term

2 Full surrender

3 Death benefit calculations

What are Gains-to-Date credits?

Gains-to-Date credits are interest credits applied to the strategy value of Balanced Interest Strategies when a withdrawal occurs – even if the strategy term hasn't been completed.

Note: Funds allocated to the Fixed Interest Strategy do not receive Gains-to-Date credits. Withdrawals are deducted from the Fixed Interest Strategy first, and then Balanced Interest Strategies, proportionally.

Terms To Know.

Strategy Gain Percentage: *A percentage used to calculate end of strategy term interest credits and mid-term Gains-to-Date credits. It is calculated based on the percentage change in the index price after application of the Participation Rate, Spread, and Interest Boost.*

Preferred withdrawal: *The portion of any partial withdrawal that is less than or equal to the available preferred withdrawal amount. Gains-to-date credits on preferred withdrawals are calculated using the preferred crediting rate.*

Available preferred withdrawal amount: *Beginning in contract year two, a withdrawal is considered preferred for amounts taken up to 10% of the contract value for the life of the contract. This amount is determined when the first withdrawal is taken each contract year.*

Non-preferred withdrawal: *The portion of any partial withdrawal in excess of the available preferred withdrawal amount. Gains-to-Date credits on non-preferred withdrawals are calculated using the non-preferred crediting rate.*

Preferred Crediting Rate: *This is the crediting rate used to calculate Gains-to-Date credits for preferred withdrawals. It is the higher of the Strategy Gain Percentage, or the Floor multiplied by the elapsed term.*

Non-preferred Crediting Rate: *This is the crediting rate used to calculate Gains-to-Date credits for non-preferred withdrawals. It is the higher of the prorated Strategy Gain Percentage, or the Floor multiplied by the elapsed term.*

Let's see how Gains-to-Date works for a partial withdrawal.

The calculation for any Gains-to-Date credit depends on whether the withdrawal is a preferred withdrawal, a non-preferred withdrawal, or a combination of both. Below are two examples based on a single hypothetical strategy choice.

PREFERRED WITHDRAWAL ASSUMPTIONS	
Contract Value	$100,000
Available Preferred Withdrawal Amount (10%)*	$10,000
Withdrawal Amount	$10,000
Index Gain at Time of Withdrawal	5%
Index Strategy Term	1 year
Elapsed Term at Time of Withdrawal	0.5 years

HYPOTHETICAL RATE ASSUMPTIONS	
Participation Rate	100%
Interest Boost	75%
Spread	1%
Floor	1%

** The hypothetical example assumes contract year 2, 100% allocated to a single Balanced Interest Strategy.*

1. Calculate the **Preferred Crediting Rate (PCR)** – this is the higher of the **Strategy Gain Percentage** or the **Floor** multiplied by the elapsed term. The Strategy Gain Percentage will never be calculated at less than 0%.

   Strategy Gain Percentage: (100% x 5% - 1% Spread[1]) x (1 + 75%) = 7%

   Floor: 1% x 0.5 = 0.5%

2. Calculate **Gains-to-Date** credit: (portion of the preferred withdrawal attributable to the strategy x PCR) / (1 + PCR).

   ($10,000 x 7%) / (1 + 7%) = $654.21

3. Add **Preferred Gains-to-Date** credit to strategy value immediately after withdrawal.

   $100,000 - $10,000 + $654.21 = $90,654.21

NON-PREFERRED WITHDRAWAL ASSUMPTIONS	
Contract Value	$100,000
Available Preferred Withdrawal Amount (0%)**	$0
Withdrawal Amount	$10,000
Index Gain at Time of Withdrawal	5%
Index Strategy Term	1 year
Elapsed Term at Time of Withdrawal	0.5 years

Withdrawal charge applied to distributed amount: $920

HYPOTHETICAL RATE ASSUMPTIONS	
Participation Rate	100%
Interest Boost	75%
Spread	1%
Floor	1%

***The hypothetical example assumes contract year 1, 100% allocated to a single Balanced Interest Strategy.*

1. Calculate the **Non-Preferred Crediting Rate (NPCR)** – this is the higher of the <u>prorated</u> **Strategy Gain Percentage** or the **Floor** multiplied by the elapsed term.

   Prorated Strategy Gain Percentage: (100% x 5% - 1% Spread[1]) x (1 + 75%) x 0.5 (elapsed term) = 3.5%

   Floor: 1% x 0.5 = 0.5%

2. Calculate **Gains-to-Date:** (portion of the non-preferred withdrawal attributable to the strategy x NPCR) / (1 + NPCR).

   ($10,000 x 3.5%) / (1 + 3.5%) = $338.16

3. Apply **Non-Preferred Gains-to-Date** credit to strategy value immediately after withdrawal.

   $100,000 - $10,000 + $338.16 = $90,338.16

Note: *Funds allocated to the Fixed Interest Strategy do not receive Gains-to-Date credits. Withdrawals are deducted from the Fixed Interest Strategy first, and then Balanced Interest Strategies, proportionally.*

[1] The spread is multiplied by the number of years in the term when calculating the Strategy Gain Percentage.

How Gains-to-Date works for Surrenders

In the case of surrender, Gains-to-Date will be calculated at the Preferred Crediting Rate up to the available preferred withdrawal amount, and the remainder will be calculated as a non-preferred withdrawal using the Non-Preferred Crediting Rate. Surrenders may also be subject to withdrawal charges and MVA.

How Gain-to-Date works for Death Benefits

The death benefit amount is calculated on the date we receive a valid claim and equals the greater of:

1. The contract performance value; and
2. The surrender value.

The contract performance value is the sum of the strategy performance values plus the fixed interest strategy value. Distributed death claim amount, using the contract performance value, will include Gains-to-Date credits calculated at the Preferred Crediting Rate based on the date valid claims are received.

For questions, please call Sales Support at **888-647-1371.**

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Annuity Contract and riders issued under form series ICC24 BASE-SP-IDX, ICC24 IDX-15-10, ICC24 E-BICS, ICC24 R-EBR and state variations thereof. Availability may vary by state.

Rates, withdrawal charge period, and strategy term period guarantees are set at issue and subject to change without notice.

Market Value Adjustment (MVA) applies to partial withdrawals that exceed the free withdrawal amount allowed and surrenders occurring during the surrender charge period.

Under current tax law, the Internal Revenue Code already provides tax deferral to qualified money. There is no additional tax deferral benefit if you purchase the contract through a tax qualified plan, such as an IRA or Roth IRA, and you should only purchase the contract for its other benefits.

Earnings are taxable as ordinary income when distributed. Surrender charges may apply to excess withdrawals that exceed 10% annual Free Withdrawal available under the contract. Contract owners may be subject to a 10% federal penalty if they make withdrawals before age 59½. Any information regarding taxation contained herein is based on our understanding of current tax law, which is subject to change and differing interpretations.

Possible interest credits for money allocated to an index-linked crediting strategy are based upon performance of the specific index; however, fixed index annuities are not an investment, but an insurance product, and do not directly invest in the stock market or the index itself.

Guarantees are based on the financial strength and claims paying ability of American Equity and are not guaranteed by any bank or insured by the FDIC.

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