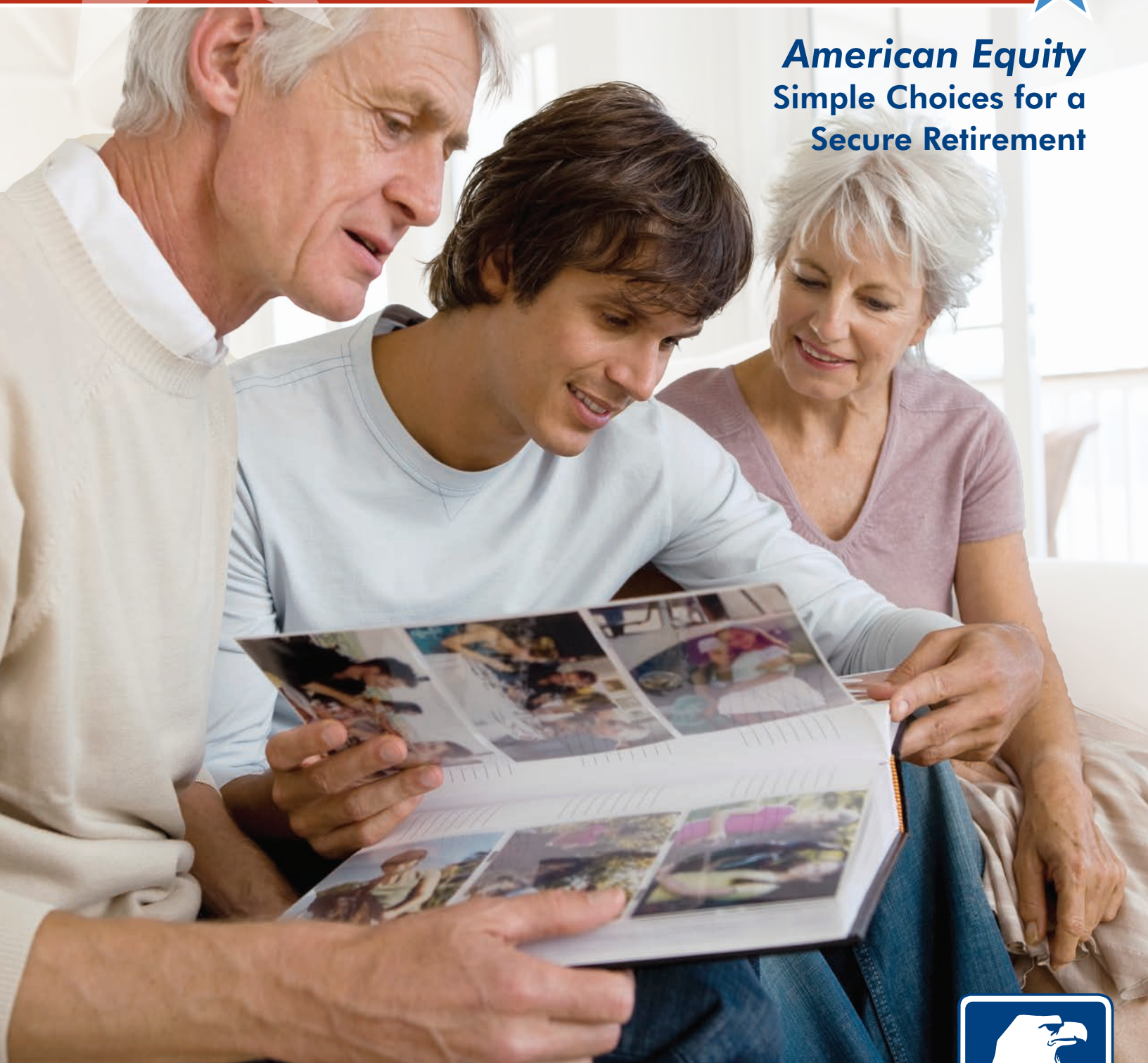


# Lifetime Income Benefit Rider

Choice Series Version



**American Equity**  
Simple Choices for a  
Secure Retirement

The one who works for you!®



# You've Done the Work. Now Enjoy the Ride.

You worked hard. From saving up for your first car to building up your nest egg, you put in the time and the energy to prepare for what may lie ahead. And, now you have earned the opportunity to enjoy your golden years.

As you look forward and consider your retirement, you want financial solutions that provide savings protection and future growth potential. Fixed index annuities with a Lifetime Income Benefit Rider can offer you guaranteed income for life, tax-deferred growth and flexible payout options.

That way, with the right plan, you can spend more of your retirement enjoying your accomplishments while knowing your money is there for you when you need it.





# Lifetime Income Benefit Rider (LIBR)

We are living longer lives and enjoying longer retirements. This means you have more time to spend with your family, more time to travel, and more time to enjoy your milestones. At American Equity, we believe that longevity should be celebrated. That's why we design products with income you cannot outlive.

## A Retirement Paycheck

Our optional Lifetime Income Benefit Rider affords you a consistent paycheck, so that your retirement is focused on what you want to do and not what you wished you could have done.

When you purchase the Lifetime Income Benefit Rider with your American Equity Choice Series product you are guaranteed an income stream for the rest of your life. You will know the guaranteed minimum you will receive on a monthly, quarterly, semi-annual or annual basis.

The amount you receive is determined by a few simple factors:

- Your Age – when you decide to begin taking income from your Contract
- Your Payout – whether you want income for as long as you or you and your spouse live
- Your Timing – the longer you wait to take income, the higher the payouts will be

## Rider Overview

- Offers income you cannot outlive
- Provides a steady paycheck throughout retirement
- Allows for spousal income benefits

“My money  
will be there  
when I need it.”



# Key Terms

At American Equity, we pride ourselves on trying to make our products and our materials as easy to understand as possible. We know there is a lot that goes into retirement planning, and in an effort to make the process a little easier – we have provided definitions to key terms used in annuity planning.



## Key Annuity and Lifetime Income Benefit Rider Terms:

**Annuitization** – Conversion of accumulated value of your annuity into regular guaranteed income payments.

**Contract Value** – Value of the funds in your Base Contract.

**Income Account Value (IAV)** – This value is used solely to determine the amount of income you will receive under this Rider. It is not a traditionally accessible value. Instead, this serves as a measuring value tool for purposes of the Rider only.

**IAV Multiplier** – An annually declared factor used to calculate your IAV credit for the Indexing Income option.

**IAV Period** – The period of time during which the Income Account Value is credited the Income Account Value Rate.

**IAV Rate** – Annual effective interest rate that is applied to the Income Account Value.

**Index Credit** – The amount credited to your Contract Value based upon the performance of the index allocation selected.

**Lifetime Income Benefit (LIB)** – The amount of income you will receive should you elect to take payments. It is based upon your IAV and age at the time of election.

**Reset** – The IAV Period can be reset once during the Contract for most options. There are two situations when this may be advantageous:

- At the end of the initial IAV Period, if lifetime income payments have not begun.
- If the Contract Value is higher than the IAV.

**Joint Life Payout** – A legal spouse as defined under federal law and at least 50 years old, payment is based on the age of the younger joint payee. Payments are made through the life of the last surviving spouse.

**Rider Fee** – The fee charged for this Rider is deducted from your Contract Value each year as long as the LIBR is active. This fee may change at time of Reset.

**Single Life Payout** – Payout factors determined based on your age at the time of payout election.

**Surrender** – Full or partial distribution of contract values.

**Surrender Charge** – Fee charged, when applicable, for full or partial distribution.

# How Annuities Work for Your Retirement

Since American Equity's Lifetime Income Benefit Rider is only available with our Fixed Index Annuity products, we want to give you a quick overview of annuity basics.

An annuity is a Contract purchased from an insurance company to help you accumulate assets for retirement. This means your Contract guarantees are backed by the financial strength and claims paying ability of American Equity.

Your funds are safe and secure with us – we have been a part of the fixed index annuity market from the very beginning. Today, we are one of the most successful American-owned and operated companies in the industry.



## Fixed Index Annuity

Index annuities are fixed annuities that provide an opportunity to potentially earn more interest than traditional fixed annuities and other safe money alternatives. This is done by basing interest earned on an increase in an equity or bond index.

While the value of this Contract may be affected by an external index, this annuity does not participate directly in any stocks or equity investments. You are not buying shares of stock or an index. Your money is protected from market volatility so that a down market does not subtract from your principal.

## Tax-Deferred Growth

A primary advantage of index annuities is the opportunity for growth by allowing your savings and interest to grow tax-deferred. Unlike taxable investments, you pay no taxes on your annuity interest until you begin to take withdrawals or receive income. This allows your money to grow faster than in a taxable account.

### **American Equity, The one who works for you!**

- A- Rating with A.M. Best and S&P 500<sup>®1</sup>
- Listed on the NYSE ticker: AEL
- #3 All-Time Sales of Fixed Index Annuities<sup>2</sup>
- Barron's<sup>®</sup> Top Annuity Provider: 2011 – 2015
- Fortune<sup>®</sup> 100 Fastest Growing Companies: 2011, 2012, 2015

# Lifetime Income Benefit Rider Options

There are three Lifetime Income Benefit Rider options available for anyone who is age 50-80 and actively selects to add the LIBR to their Contract at issue.

These options provide a guaranteed revenue stream for as long as you need. Your lifestyle goals and your retirement plan will help you determine which option best suits your individual income needs. If you do not select an option, there will not be a Rider attached to your Contract.

Please keep in mind, the IAV option is chosen at issue and cannot be changed.

## Lifetime Income Benefit Rider – Guaranteed Income

Here is an overview of the first Lifetime Income Benefit Rider option available with your American Equity Choice Series product. This option is designed with a guaranteed IAV rate.

“ I want to maintain my lifestyle when I retire. ”



## Guaranteed Income

### Option 1

**Issue Age:** 50-80

**IAV Rate:** 6.0% Compounding

**IAV Period:** Up to 14 years

**IAV Reset:** Years 3 – 7

**Fee:** 0.90% of Contract Value, Annually<sup>3</sup>



## Lifetime Income Benefit Rider – Wellbeing Benefit

The Wellbeing option is designed to help ease some of the financial burden related to significant health issues and is calculated the same as the Guaranteed Income option.

If you become unable to perform at least two of the six Activities of Daily Living (ADLs), you can currently double the income you receive under the Rider, for up to five years. The six ADLs include bathing, dressing, transferring, toileting, continence and eating.

The Wellbeing Benefit is not confinement driven, so you can stay in your home and receive care. There are conditions to this benefit, including a two-year waiting period.

## Lifetime Income Benefit Rider – Indexing Income

The Indexing Income option is an available feature of the Lifetime Income Benefit Rider. For this, the IAV is based on the rate-of-return of your Contract from the previous anniversary. The Contract Value rate-of-return is multiplied by the IAV Multiplier to determine the IAV credit for the year. The IAV credit is applied to the IAV on each anniversary. If there are no index or fixed interest credits to your Contract Value, your IAV will not increase that year.

The Indexing Income has moving components that are declared annually at your Contract Anniversary:

- Cap or Participation Rate – as it applies to your index credit
- IAV Multiplier- as it applies to your IAV calculation

## Wellbeing Benefit

### Option 2

**Issue Age:** 50-80

**IAV Rate:** 6.0% Compounding

**IAV Period:** Up to 14 years

**IAV Reset:** Years 3 – 7

**Fee:** 1.00% of Contract Value, Annually<sup>3</sup>

## Indexing Income

### Option 3

**Issue Age:** 50-80

**IAV Multiplier<sup>4</sup>:** Set at issue, guaranteed for first Contract Year.

**IAV Period:** Until the LIB payments are elected

**IAV Reset:** N/A

**Fee:** 0.90% of Contract Value, Annually<sup>3</sup>





## Benefit Payout Percentage

Payee's Minimum Age at Election of LIB	Single Life Payout Percentage	Joint Life Payout Percentage
50	3.25%	2.75%
51	3.35%	2.85%
52	3.45%	2.95%
53	3.55%	3.05%
54	3.65%	3.15%
55	3.75%	3.25%
56	3.85%	3.35%
57	3.95%	3.45%
58	4.05%	3.55%
59	4.15%	3.65%
60	4.25%	3.75%
61	4.35%	3.85%
62	4.45%	3.95%
63	4.55%	4.05%
64	4.65%	4.15%
65	4.75%	4.25%
66	4.85%	4.35%
67	4.95%	4.45%
68	5.05%	4.50%
69	5.15%	4.55%
70	5.25%	4.60%
71	5.35%	4.65%
72	5.45%	4.70%
73	5.55%	4.75%
74	5.65%	4.80%
75	5.75%	4.85%
76	5.85%	4.90%
77	5.95%	4.95%
78	6.05%	5.00%
79	6.15%	5.05%
80+	6.25%	5.10%



## Lifetime Income Benefit Election

You may elect to receive LIB payments any time after your first Contract Anniversary. At the time you choose to begin LIB payments, you may select either the single life or joint life payout option. Once your LIB payments begin, these choices are locked in and may not be changed. Your LIB payments will be based on your selection and multiplied by the benefit payout percentage.

## Single Life and Joint Life Payout

At the time you elect to start receiving LIB payments, you may choose either a Single Life or a Joint Life payout. With the Single Life option, payout factors are determined based on your age at time of payout election. With the Joint Life payout option, the Joint Payee must be a legal spouse as defined under federal law and be at least 50 years old. We base LIB payment amounts on the age of the younger Joint Payee. We will make LIB payments until the death of the last surviving spouse.

“ My loved ones will be taken care of.”



## Excess Withdrawals

Any Partial Withdrawals taken from the Contract Value after LIB payments have started are considered Excess Withdrawals and will reduce future LIB payment amounts and your IAV on a pro-rata basis. For example an additional withdrawal of 5% of your Contract Value reduces your future LIB payments by 5%. If an Excess Withdrawal plus LIB payment exceeds the Penalty-free Withdrawal amount allowed in any Contract Year, Surrender Charges will be applied to any amount in excess of the Penalty-free Amount. Should Excess Withdrawals reduce your Contract to below the minimum value, as outlined in your Contract, the Rider terminates and your LIB payments stop.

## Required Minimum Distributions (RMD)

The Lifetime Income Benefit Rider is RMD friendly. If the LIB payment does not satisfy the RMD amount in your Contract for that year, then we will increase your payment to meet the required amount. This will not be considered an Excess Withdrawal.



# Rider Option Comparison

The benefits of a Lifetime Income Benefit Rider with Guaranteed Income, Wellbeing Benefit or Indexing Income offer a variety of strengths to your retirement plan.

Below is a table highlighting key similarities and differences between these three approaches.

	Guaranteed Income	Wellbeing Benefit	Indexing Income
Lifelong Income Stream	✓	✓	✓
Guaranteed Annual Growth of Income Account Value	✓	✓	
Higher Growth Opportunities for Income Account Value			✓
Additional Income for Specific Health Issues		✓	
Coverage for Married Couples	✓	✓	✓
Terminate Rider at Anytime	✓	✓	✓





## Death of Owner

American Equity's annuities have a Death Benefit that allows your beneficiaries immediate access to the Contract Value at the time of death. This can help avoid a costly and prolonged probate process.

The Rider terminates at the death of Owner/Annuitant. The Rider continues if the spouse is the primary beneficiary and meets the following conditions:

- If the Owner/Annuitant dies before LIB payments begin, the spouse may step into the Contract and the Rider will continue with the Contract; or
- If LIB payments have already begun, the surviving spouse is eligible to receive:
  - a) The current Contract Value in a lump sum or any other payout option available; or
  - b) The remaining IAV in a series of payments of up to 6% of the IAV based on the spouse's age at date of step-in, until IAV is depleted to zero; or
  - c) May stop LIB payments and choose to restart them later based on the spouse's age at date of restart, up to a maximum of 6% of the remaining IAV annually, until the IAV is zero.

## Tax Treatment

All LIB payments are considered a withdrawal from the Contract Value. Any withdrawal is subject to income taxation as outlined by the Internal Revenue Code.

Additionally, the taxable portion of any withdrawal taken prior to age 59½ may be subject to a 10% penalty by the Internal Revenue Service for early withdrawal of deferred interest.

Please contact your tax professional for additional information.





## We Are Here for What's Next

At American Equity, we want you to know our products and financial stability are here to help you enjoy the retirement of your choice.

We are committed to your retirement years and the security of your savings. We design our products with your future in mind, and our customer service is tailored to assist you in leading the life you have planned. All of our employee-owners are dedicated to ensuring your retirement and peace of mind.

“ I plan to enjoy  
my retirement. ”





Riders issued under form series ICC14 R-LIBR, 14 R-LIBR-W, ICC16 R-LIBR-IDX and state variations thereof. Availability may vary by product and state. Ask agent for details.

<sup>1</sup> A.M. Best has assigned American Equity an "A-" (Excellent) rating, reflecting their current opinion of the financial strength and operating performance of American Equity relative to the norms of the life/health insurance industry. A.M. Best utilizes 15 rating categories ranging from A++ to F. An "A-" rating from A.M. Best is its fourth highest rating. For the latest rating, access [www.ambest.com](http://www.ambest.com).

Standard and Poor's rating service has recognized American Equity Investment Life Insurance Company<sup>®</sup> with an "A-" rating. An insurer rated "A" has strong financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings. Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. Rating effective 8/5/15.

<sup>2</sup> Source: <http://www.looktowink.com/2016/03/30418/>

<sup>3</sup> The Rider Fee will continue to be taken against the Contract Value as long as the contract is in force or until the rider terminates.

<sup>4</sup> During the Initial Period, currently 10 years, the minimum IAV multiplier is 100%. After the Initial Period, the minimum IAV Multiplier is 50% until the LIB payments are elected.

This document is prepared to provide general information only. It is not intended or written to be used to avoid tax penalties or promote, market or recommend any tax plan or arrangement. Neither American Equity Investment Life Insurance Company, nor any of our agents give legal, tax, or investment advice. Consult your own personal advisor for these matters.

# AMERICAN EQUITY

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# Our Promise

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When you purchase an American Equity annuity you are buying a promise – we guarantee we will be here when you need us and your money will be there when you want it.  
We are the one who works for you!

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