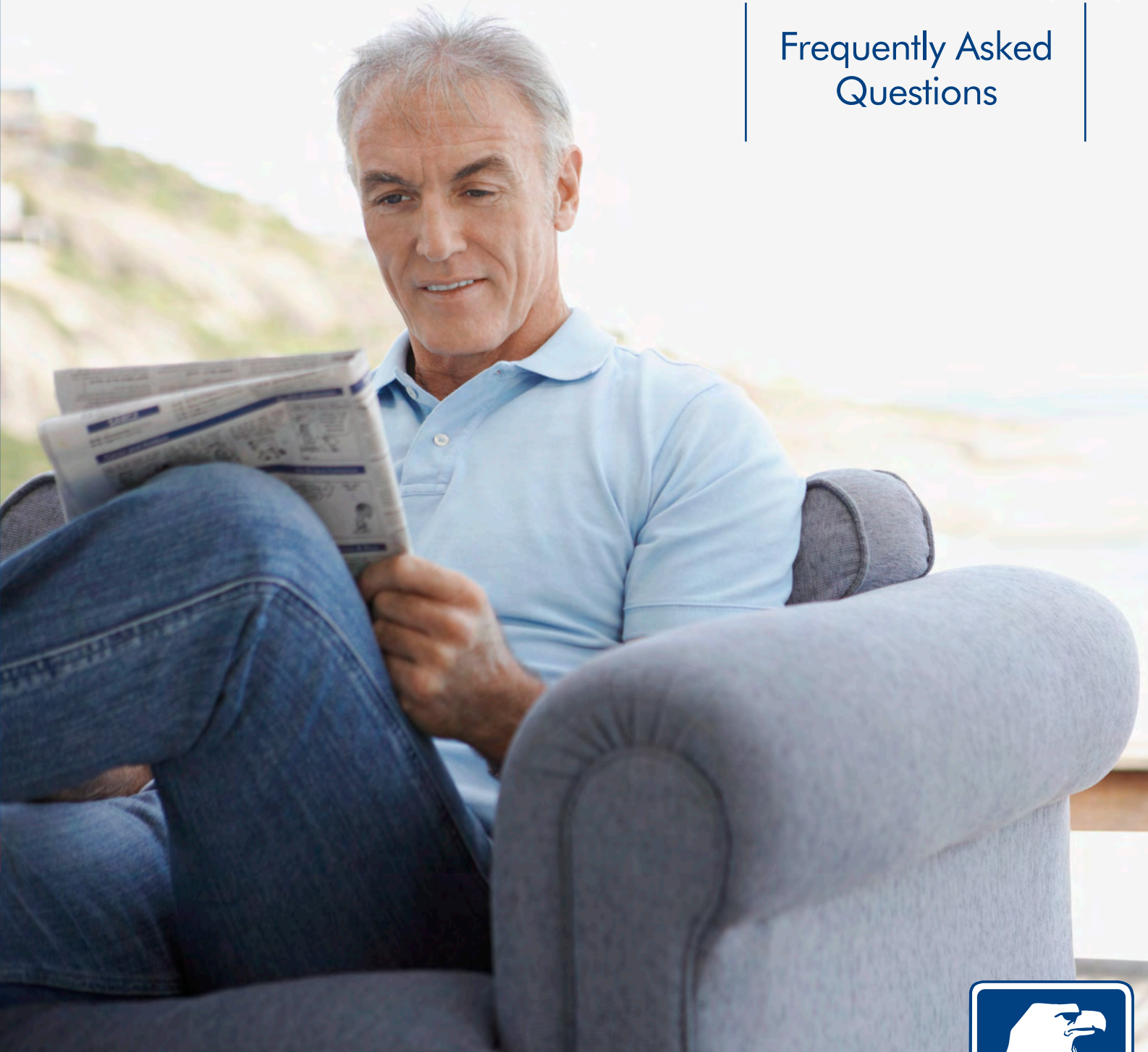


Lifetime Income Benefit Rider For Use with the RateShield Series



Frequently Asked
Questions



The one who works for you!®





Lifetime Income Benefit Rider

For Use with the RateShield Series

Lifetime Income Benefit (LIB)

What is LIB?

The LIB is made up of income payments that are guaranteed for life.

Who is eligible for the LIB?

Anyone who is age 50 or above and actively selects to add the Lifetime Income Benefit Rider to their Contract at issue.

How is it calculated?

The initial income payment is calculated by multiplying the benefit payout percentage by the Income Account Value (IAV).

Can the payment decrease?

The income payment will decrease if an excess withdrawal over and above the income payment is taken or if payments are stopped and restarted.

Can the payment increase?

Yes. Your payment can increase. Automatic Step Up: at each anniversary, after payments have begun, if the Contract Value of the base contract is greater than the IAV, the IAV will be "stepped-up" to the base Contract Value. Then the benefit payout percentage that was in effect when the initial income payment was calculated is multiplied by the new IAV. If the result is greater than the current income payment, the income payment is increased.

Do LIB payments have to begin during the IAV Period?

No. Income payments may begin at any time after the first Contract Year.

Income Account Value (IAV)

What is the Income Account Value (IAV)?

This value is used solely to determine the amount of income to be received under this Rider. It is not a traditionally accessible value. This serves as a measuring tool for purposes of the Rider only.

Can funds be withdrawn from the IAV?

No. The IAV is only used to determine what income payments would be at a specific point in time. The IAV is not available for cash surrender.

Will partial withdrawals stop the IAV from accumulating?

No. You may take partial withdrawals from your contract prior to election of income payments and your IAV will continue to grow. Withdrawals will reduce the Contract Value and IAV on a pro-rata basis.

What is the IAV period?

It is the period of time during which the IAV is credited the IAV rate. The current IAV period is 20 years.

Income Account Value (IAV) Rate

What is an IAV Rate?

It is the annual effective interest rate that is applied to the IAV. The rate is set at issue and cannot be changed. It ceases to apply at the earlier of the date IAV period ends or the date income payments begin.

Does the IAV rate continue to be applied after income payments have started?

No. The IAV rate is only used during the IAV period. At the end of the IAV period the IAV is locked in until income payments begin.

Can the Lifetime Income Benefit Rider be added to the contract after it is issued?

No. In order to access the Lifetime Income Benefit Rider it must be elected at time of issue.

Rider Fee

Is there a rider fee, and if yes, what is it?

There is a 1.0% fee that is deducted from the Contract Value annually.

Can the rider fee ever change?

No. The rider fee is guaranteed to never change for as long as the base contract or the Lifetime Income Benefit Rider is in force.

Is the rider fee deducted from the IAV and the Contract Value?

No. The rider fee is only deducted from the Contract Value, on each Contract Anniversary.

Does the rider fee cease when income payments begin?

No. The rider fee continues as long as the rider is in force.

Is the rider fee considered a distribution by the IRS?

We do not give tax advice, so you should check with your personal tax advisor. However, it is our opinion that the rider fee is part of the Contract Value calculation. The owner does not receive any funds, nor do they ever take possession of funds. Based on this, we believe that the rider fee is not a distribution. Again, each individual should seek the advice of his or her individual tax advisor on this issue, and act accordingly.

Death Benefit Options

What happens if the Owner/Annuitant dies before LIB payments start?

That depends on who is the named beneficiary. A surviving spouse⁺ can step in and take over the contract, subject to the spousal continuation provision, and the rider will continue. However, if the named beneficiary is anyone other than a spouse, the rider would terminate and the beneficiary will receive the death benefit from the contract.

What happens if the Owner/Annuitant dies after LIB payments start?

Again, that depends on who the named beneficiary is. If the payout option is based on the joint life of both spouses, and the surviving spouse continues the base contract, then the payments will continue until both spouses are deceased. If the payout option is based on a single life then a surviving spouse can step in and take over the base contract and the rider will continue. The surviving spouse will be able to receive a series of payments based on the current IAV at the benefit payment privilege based on the spouse's age at step-in, until the IAV is zero. The spouse will not be guaranteed a lifetime income. If the named beneficiary is anyone other than a spouse the rider will terminate at the owner/annuitant's death and the beneficiary will receive the death benefit from the contract.

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Annuity Rider issued under form series ICCT6 R-LIBR-FS and state variations thereof. Availability may vary by state.

+ Spouse as defined under federal law and regulation.

Provisions of the Lifetime Income Benefit Rider (LIBR), may change prior to issue. Please look over your LIBR closely for your specific provisions.

American Equity Investment Life Insurance Company[®] does not offer legal, investment, or tax advice. Please consult a qualified professional.