



# THE BENEFITS OF A FIXED INDEX ANNUITY

## In the past, planning for retirement could often be difficult...

You want the safety and guarantee of premium and past earnings.

*and*

You prefer the potential of higher returns by being linked to the market, a return that a fixed rate investment cannot offer.

In the past, those saving for retirement had to choose between the two...



# Now, you can have the best of both worlds with North American Fixed Index Annuities!

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

*and*

Enhanced growth potential with stock market-linked indices.<sup>1</sup>



*“The entire essence of America is the hope to first make money – then make money with money – then make lot of money with money.”*

– Paul Erdman

1. Fixed Index Annuities are not a direct investment in the stock-market or indices. They are insurance products that provide enhanced growth potential without experiencing loss of premium from market loss or fluctuations in the market. They may not be appropriate for all clients.

## Safety, Guarantees and Growth Potential

A Fixed Index Annuity provides you with all of the features of a traditional Fixed Annuity, plus interest credits linked to a stock market index.

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



## Guarantees

Fixed Index Annuities with North American offer guarantees such as:

- Minimum Surrender Value
- Minimum Guaranteed Interest Rate on money in the Fixed Account
- Growth locked in annually



### **The Index Account Value plus the Fixed Account Value**

**The Index Account Value** equals 100% of your premiums, plus any applicable premium bonus<sup>2</sup>, allocated to the Index Account, adjusted for any transfers in or out of the account, plus Index Credit, less withdrawals and applicable surrender charges, plus or minus Interest Adjustment.

**The Fixed Account Value** equals 100% of your premium, plus any applicable premium bonus, allocated to the Fixed Account, adjusted for any transfers in or out of the account, plus interest earned at the current rate, less withdrawals and applicable surrender charges, plus or minus Interest Adjustment.

OR

### **The Minimum Surrender Value**

**The minimum Surrender Value** equals premiums, or a portion of premiums (excluding any applicable premium bonus), less any withdrawals, accumulated at a declared minimum interest rate.

<sup>2</sup> Products offering a premium bonus may result in a lower rate.

# Taxable vs. Non-taxable Equivalent Yields

## The true potential of your earnings

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.*

## 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. 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 deferred feature, you accumulate more money over a shorter period of time and consequently earn more.



*“Compound interest’...Is the greatest invention of the 20th century.”*

– Albert Einstein

## The power of tax deferral

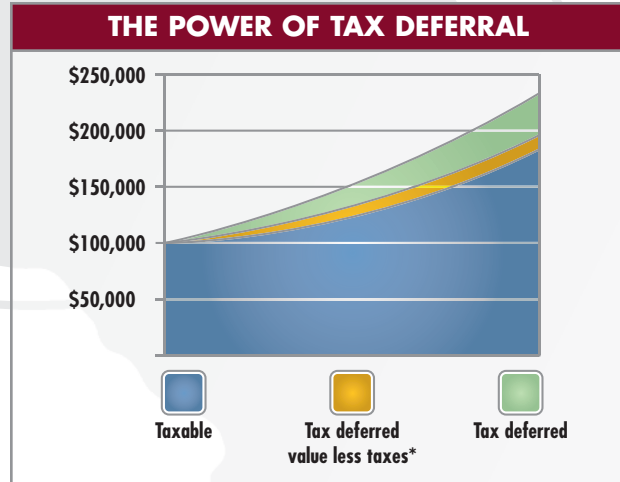
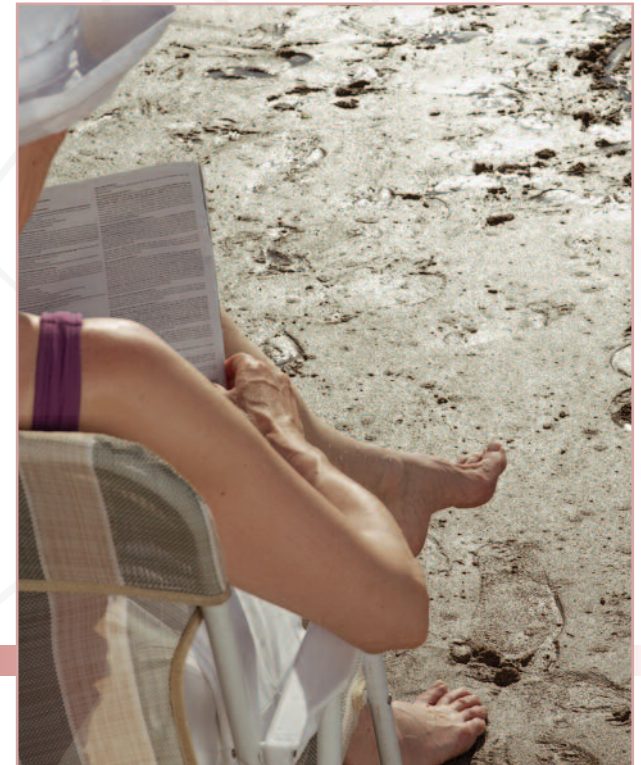


Chart is a hypothetical illustration of tax-deferral and assumes an initial premium of \$100,000 earning 6.00% compounded annual rate of return for 15 years. Not intended to predict or project performance. \*Tax deferred value less taxes represents the increase in value, due to tax deferral, less taxes at an assumed rate of 33% with no surrender charge or interest adjustment applied.



*"In this world, nothing is certain but death and taxes."*

– Benjamin Franklin

## 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

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

### Annuity

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



## 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 stock or mutual fund vehicle (where the investor bears the market risk) 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	✓	✓
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.*

## Surrender Charges

- Range from 4 through 14 years.
- Allow the Company to invest long-term<sup>3</sup> and credit higher yields than on a shorter term similar annuity.
- Assessed on any amount withdrawn, whether partial or full, exceeding the penalty-free amount.

## Interest Adjustment

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

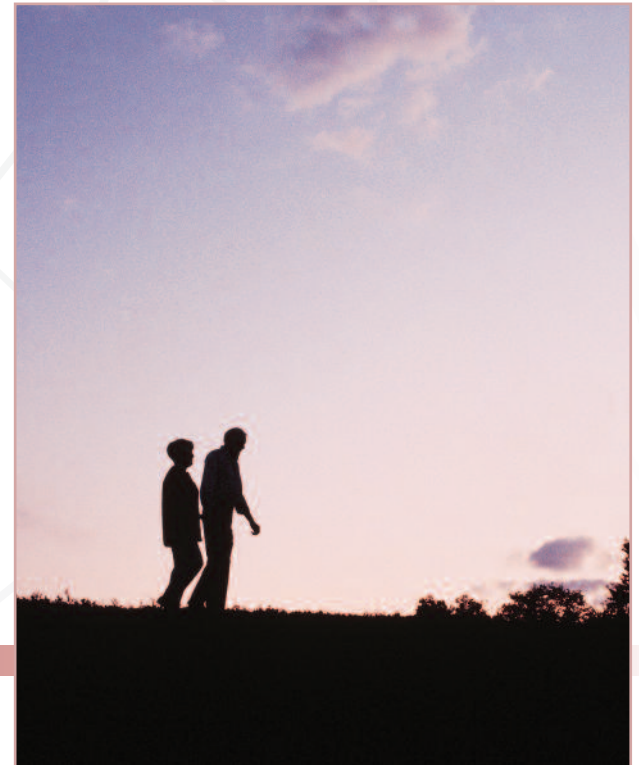
Surrender charges and the availability of an Interest Adjustment will vary by product and issue state.



## North American Fixed Index Annuity product line is flexible and diverse

You may allocate money amongst several unique stock market indices.

- Dow Jones Industrial Average<sup>SM</sup>
- Dow Jones EuroSTOXX 50<sup>®</sup>
- Lehman Brothers U.S. Aggregate Index
- NASDAQ-100<sup>®</sup>
- Russell 2000<sup>®</sup>
- Standard & Poor's 500<sup>®</sup>
- Standard & Poor's Midcap 400<sup>®</sup>



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# No single index has consistently been the top performer

## Periodic Chart of Indices

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
<b>HIGHEST</b>	RUSSELL 2000® INDEX	RUSSELL 2000® INDEX	DJIA <sup>SM</sup> INDEX	NASDAQ 100® INDEX	NASDAQ 100® INDEX	S&P 500® INDEX	NASDAQ 100® INDEX	NASDAQ 100® INDEX	S&P MIDCAP 400® INDEX	RUSSELL 2000® INDEX	S&P MIDCAP 400® INDEX	NASDAQ 100® INDEX	RUSSELL 2000® INDEX	DOW JONES EUROSTOXX 50® INDEX	RUSSELL 2000® INDEX	NASDAQ 100® INDEX	DJIA <sup>SM</sup> INDEX	
	S&P MIDCAP 400® INDEX	DJIA <sup>SM</sup> INDEX	NASDAQ 100® INDEX	S&P 500® INDEX	DJIA <sup>SM</sup> INDEX	S&P MIDCAP 400® INDEX	S&P 500® INDEX	DOW JONES EUROSTOXX 50® INDEX	RUSSELL 2000® INDEX	S&P MIDCAP 400® INDEX	DJIA <sup>SM</sup> INDEX	RUSSELL 2000® INDEX	S&P MIDCAP 400® INDEX	S&P MIDCAP 400® INDEX	DJIA <sup>SM</sup> INDEX	DJIA <sup>SM</sup> INDEX	RUSSELL 2000® INDEX	
	NASDAQ 100® INDEX	S&P MIDCAP 400® INDEX	S&P 500® INDEX	DJIA <sup>SM</sup> INDEX	S&P 500® INDEX	DJIA <sup>SM</sup> INDEX	DJIA <sup>SM</sup> INDEX	DJIA <sup>SM</sup> INDEX	DOW JONES EUROSTOXX 50® INDEX	DJIA <sup>SM</sup> INDEX	RUSSELL 2000® INDEX	S&P MIDCAP 400® INDEX	NASDAQ 100® INDEX	RUSSELL 2000® INDEX	DOW JONES EUROSTOXX 50® INDEX	DOW JONES EUROSTOXX 50® INDEX	S&P MIDCAP 400® INDEX	
	S&P 500® INDEX	NASDAQ 100® INDEX	RUSSELL 2000® INDEX	S&P MIDCAP 400® INDEX	S&P MIDCAP 400® INDEX	NASDAQ 100® INDEX	S&P MIDCAP 400® INDEX	RUSSELL 2000® INDEX	DJIA <sup>SM</sup> INDEX	S&P 500® INDEX	S&P 500® INDEX	S&P 500® INDEX	S&P 500® INDEX	S&P 500® INDEX	S&P 500® INDEX	S&P 500® INDEX	S&P MIDCAP 400® INDEX	S&P 500® INDEX
	DJIA <sup>SM</sup> INDEX	S&P 500® INDEX	S&P MIDCAP 400® INDEX	RUSSELL 2000® INDEX	RUSSELL 2000® INDEX	RUSSELL 2000® INDEX	RUSSELL 2000® INDEX	S&P 500® INDEX	S&P 500® INDEX	DOW JONES EUROSTOXX 50® INDEX	DOW JONES EUROSTOXX 50® INDEX	DJIA <sup>SM</sup> INDEX	DOW JONES EUROSTOXX 50® INDEX	NASDAQ 100® INDEX	S&P MIDCAP 400® INDEX	S&P 500® INDEX	NASDAQ 100® INDEX	
<b>LOWEST</b>								S&P MIDCAP 400® INDEX	NASDAQ 100® INDEX	NASDAQ 100® INDEX	NASDAQ 100® INDEX	DOW JONES EUROSTOXX 50® INDEX	DJIA <sup>SM</sup> INDEX	DJIA <sup>SM</sup> INDEX	NASDAQ 100® INDEX	RUSSELL 2000® INDEX	DOW JONES EUROSTOXX 50® INDEX	

- STANDARD & POOR'S 500® INDEX (S&P 500®)
- STANDARD & POOR'S MIDCAP 400® INDEX (S&P MIDCAP 400®)
- DOW JONES INDUSTRIAL AVERAGE<sup>SM</sup> INDEX (DJIA<sup>SM</sup>)
- DOW JONES EUROSTOXX 50®
- RUSSELL 2000® INDEX
- NASDAQ-100® INDEX

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## Who can benefit from a fixed index annuity with North American?

- Conservative savers
- CD<sup>4</sup> and traditional fixed annuity owners
- Retirement savers
- Savers desiring potentially higher returns with downside protection

Do any of these describe you?



## You benefit from a North American fixed index annuity

You will have enhanced ability to earn interest credits based on stock index gains without market risk.

Many people are currently taking advantage of this incredible opportunity.

Are you ready to experience the benefits that a North American fixed index annuity can provide?



*“A goal without a plan is a wish.”*

– Antoine de Saint-Exupery

## 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 assigned on April 16, 2009. 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 rating assigned February 26, 2009.

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