



NORTH AMERICAN  
**FREEDOM CHOICE<sup>SM</sup>**  
FIXED INDEX ANNUITY



## NORTH AMERICAN FREEDOM CHOICE

The **Freedom Choice** is a flexible premium, fixed index annuity that offers you the ability to apply all or a portion of your premium between three accounts: the Annual Point-to-Point, the Monthly Point-to-Point or a Fixed Account. Your premium may be allocated to these three accounts as you wish and can be transferred between accounts once each contract anniversary for the life of your annuity. Additionally, you have the ability to choose between four distinct surrender charge periods and two penalty-free withdrawal options.

Fixed annuities allow you to benefit from the advantages of tax-deferred growth, potential to

avoid probate, long-term growth and income for life. This annuity offers diverse Index Account options that can provide enhanced potential growth without experiencing loss of premium from market loss or fluctuations with the market\*. Your Index Account can earn Interest Credits based on the annual performance of the indices you select. \*If surrendered early, surrender charges may apply.

The **Freedom Choice** is a long-term annuity that offers several different options allowing you the flexibility to choose the best option for your situation. Listed below are four surrender charge options from which you can choose.

### SELECT THE OPTION THAT BEST FITS YOUR NEEDS

#### THE 6-YEAR OPTION OFFERS:

- A 6-year surrender charge schedule with access to the full Accumulation Value after the sixth contract year.
- The opportunity to elect a life annuity payout option based on the Accumulation Value after the first contract year or you may elect at least a 5-year annuity payout option after the fifth contract year. These payout options are available by current Company practice.

#### THE 8-YEAR OPTION OFFERS:

- A 8-year surrender charge schedule with access to the full Accumulation Value after the eighth contract year.
- The opportunity to elect a life annuity payout option based on the Accumulation Value after the first contract year or you may elect at least a 5-year annuity payout option after the fifth contract year. These payout options are available by current Company practice.

#### THE 10-YEAR OPTION OFFERS:

- A 10-year surrender charge schedule with access to the full Accumulation Value after the tenth contract year.
- The opportunity to elect a life annuity payout option based on the Accumulation Value after the first contract year or you may elect at least a 5-year annuity payout option after the fifth contract year. These payout options are available by current Company practice.

#### THE 14-YEAR OPTION OFFERS:

- A 14-year surrender charge schedule with access to the full Accumulation Value after the fourteenth contract year.
- The opportunity to create a life annuity pay-out option based on the Accumulation Value after the first contract year or you may elect at least a 10-year annuity payout option after the fifth contract year. These annuity payout options are available by current Company practice.
- Longer Term—Ideal for people with long-term objectives who are comfortable with a 14-year surrender charge.

\* Issue ages may vary by state.

ISSUE  
AGES\*  
0-85

ISSUE  
AGES\*  
0-85

ISSUE  
AGES\*  
0-79

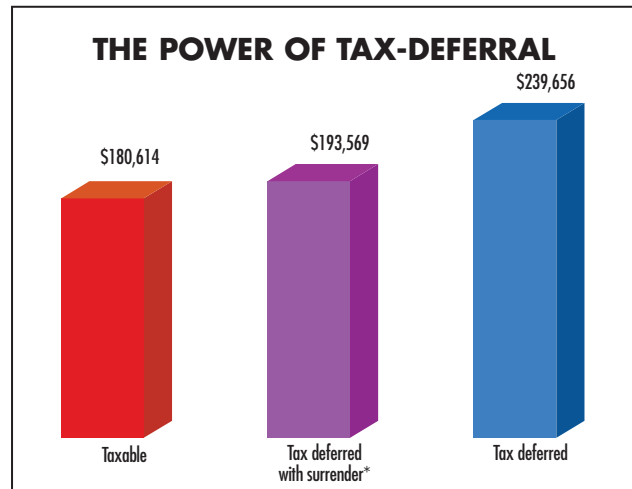
ISSUE  
AGES\*  
0-75

## BENEFITS OF OWNING A TAX-DEFERRED ANNUITY

### TAX-DEFERRED GROWTH

Tax-deferred growth allows your money to grow faster because you earn interest on dollars that would otherwise be paid in taxes. Your premium earns interest, the interest compounds within the contract and the money you would have paid in taxes earns interest. The chart to the left details the potential of a tax-deferred annuity.

The 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. This illustration is not intended to predict or project performance.



\*Tax deferred with surrender represents the surrender value less taxes at an assumed rate of 33%.

### GUARANTEES

All North American tax-deferred annuities are backed by the financial strength of the Company's investment portfolio, which emphasizes high-quality bonds that provide safety, liquidity and competitive interest rates. In states where these products are approved, North American maintains reserves equal to those required by state regulation.

### DEATH BENEFIT

North American will pay out, as the Death Benefit, the Accumulation Value to your beneficiary upon the death of the annuitant or an owner. Your beneficiary may choose to receive the payouts in either a lump sum or a series of income payments. If joint annuitants are named, the Death Benefit will be paid on the death of the second annuitant. If joint owners are named, the Death Benefit will be paid out at the death of the first owner.

### LIFETIME INCOME

North American can provide you with a guaranteed income stream with the purchase of your tax-deferred annuity. You have the ability to choose from several different annuity pay-out options, including life or a specified period.

### MAY AVOID PROBATE

By naming a beneficiary, you may minimize the delays, expense and publicity often associated with probate. Your designated beneficiary receives death proceeds in either a lump sum or a series of income payments. Please consult with and rely on your own legal or tax advisor.



## ACCESS YOUR MONEY IN SEVERAL DIFFERENT WAYS

Emergencies do arise, and access to your money is always an important concern. The **Freedom Choice** offers a variety of liquidity features.

### PENALTY-FREE WITHDRAWAL<sup>1</sup>

Should the need arise to have access to your premium sooner, North American offers you a choice of two options for Penalty-Free Withdrawals (Partial Surrenders). You will have the opportunity to choose which option will fit your individual needs.

The first option allows you to take up to 5% of your current Accumulation Value once each contract year after the first contract anniversary, without incurring any surrender charges or Interest Adjustment. Any amount withdrawn in excess of the 5% penalty-free amount will be assessed a surrender charge and possibly an Interest Adjustment. Surrender charges and Interest Adjustments on IRS-Required Minimum Distributions that exceed the 5% penalty-free amount will **not** be waived.

The second option allows you to take up to 10% of your Accumulation Value once each contract year after the first contract anniversary, without incurring any surrender charges or Interest Adjustment. Surrender charges and Interest Adjustments on IRS-Required Minimum Distributions exceeding the 10% Penalty-Free Withdrawal amount will be waived by current Company practice. The withdrawals for the 10% option only can be taken out on a systematic basis.

Keep in mind that withdrawals taken out of the various Index Accounts will not get an Interest Credit on your next contract anniversary.

SUMMARY OF WITHDRAWAL OPTIONS		
PENALTY-FREE WITHDRAWAL PERCENT	5%	10%
SYSTEMATIC WITHDRAWALS AVAILABLE	NO	YES
RMD FRIENDLY	NO	YES

### NURSING HOME CONFINEMENT RIDER<sup>2</sup>

After the first contract anniversary, should the annuitant become confined to a qualified nursing home facility for at least 90 consecutive days, we will increase the Penalty-Free Partial Surrender amount by 10% of the Accumulation Value each year while the annuitant is confined. This rider is only available for issue ages 75 and younger and is automatically included with your annuity at no additional charge.

## ANNUITY PAYOUT OPTIONS

Should you decide to receive an income from your annuity after the surrender charge period, you will have several annuity payout options from which to choose. Annuity payout options are a benefit of deferred annuities, but annuitization is not a contract requirement.

With non-qualified plans, a portion of each income payment represents a return of premium that is not taxable, thus reducing your tax liabilities. With the exception of the Life Income options, annuity payout options are for a minimum of five years and a maximum of 20 years.

The following options are available:

- Income for a Specified Period
- Income of a Specified Amount
- Life Income with a Period Certain
- Life Income
- Joint and Survivor Life Income

By current Company practice, you may receive an income from the Accumulation Value after the first contract year (without surrender charges or Interest Adjustment) if you choose a Life Income option. Please see your Annuity Disclosure Statement for more details regarding the annuity payout options available to you.

## SURRENDER CHARGES

Surrender charges allow the Company to invest your money on a long-term basis and credit higher yields than possible with a similar annuity of shorter term. A surrender charge is assessed on any amount withdrawn, whether as a partial or full surrender, that exceeds the available penalty-free withdrawal amount. These tables detail the declining surrender charges by the option chosen. Additional premiums deposited into existing contracts will maintain the surrender charge schedule set forth by the initial premium.

*Note: Please keep in mind that a surrender during the surrender charge period could result in a loss of premium. Surrender charge structure may vary by state. Consult your Annuity Disclosure Statement for details specific to your state.*

### SELECT THE OPTION THAT BEST FITS YOUR NEEDS

#### 6-YEAR

Year	Charge
1	9%
2	9%
3	8%
4	6%
5	4%
6	2%

#### 8-YEAR

Year	Charge
1	9%
2	9%
3	8%
4	7%
5	6%
6	5%
7	4%
8	2%

#### 10-YEAR

Year	Charge
1	9%
2	9%
3	8%
4	7%
5	6%
6	5%
7	4%
8	3%
9	2%
10	1%

#### 14-YEAR

Year	Charge
1	9%
2	9%
3	9%
4	9%
5	8%
6	8%
7	7%
8	7%
9	6%
10	6%
11	5%
12	4%
13	3%
14	2%

## INTEREST ADJUSTMENT<sup>3</sup>

The **Freedom Choice** also includes an Interest Adjustment which generally allows the Company to credit higher interest rates than on products without an Interest Adjustment. This adjustment may increase or decrease your surrender value, depending on the change in interest rates since your annuity purchase.

Due to the mechanics of an Interest Adjustment feature, the surrender value generally increases as interest rates fall. Likewise, when interest rates have increased over a period of time, the surrender value generally declines. However, the Interest Adjustment can never cause the surrender value to be less than total net premiums.

This adjustment is applied only during the surrender charge period to surrenders that exceed the applicable penalty-free amount.

## PRODUCT FEATURES

### ACCUMULATION VALUE

The Accumulation Value is 100% of premium, allocated to the Fixed and Index Accounts, plus any interest earned. It will be reduced by the amount of any withdrawals, but cannot decrease due to negative index performance.

### INDEX ACCOUNT

The **Freedom Choice** fixed index annuity is *not* an investment in the stock market or in the applicable indices. Some or all of your premiums may be allocated between several different indices and/or Index Accounts. This annuity offers enhanced stock market-linked growth potential associated with the annual changes in several distinct indices without the risk of directly participating in stock, bond or equity investments. These indices are recognized worldwide as prominent benchmarks for stock market and bond performance. This is truly a fixed annuity using an interest crediting strategy of indexing to determine the credited rate. The Interest Credits will not mirror the exact performance of any stock market or bond index. The Interest Credit will never be less than zero.

### ANNUAL RESET

Annual Reset allows an Interest Credit, if any, to be added to the Index Account on each contract anniversary. That amount, when added, becomes “locked-in” because it can never be taken away due to negative index performance. Once added, the “locked-in” Interest Credit will participate in future growth, giving you the advantage of compounding in subsequent years.

This feature also resets your starting index point each year on your contract anniversary. Annual Reset minimizes your risk when the index experiences a severe downturn during the year. You then can take advantage of gains from that point forward. Without this feature, you would have to wait for the index to climb up to its original level before any gains could be realized.



## DIVERSIFY YOUR PREMIUM AMONG THE FOLLOWING INDEX ACCOUNT OPTIONS:

	ANNUAL POINT-TO-POINT	MONTHLY POINT-TO-POINT*
How is Index Credit Calculated?	Annual change in index, subject to an annual Index Cap Rate	Sum of monthly performance subject to a monthly Index Cap Rate
When is Index Credit Calculated/Credited?	Annually	Annually
When is the Index Cap Rate Applied?	Annually	Monthly
Index Availability Note: Past Index Performance is not intended to predict future performance and the Index does NOT include dividends.	<ul style="list-style-type: none"> <li>• S&amp;P 500®</li> <li>• Dow Jones Euro STOXX 50®</li> <li>• (DJIA) Dow Jones Industrial Average™</li> <li>• S&amp;P MidCap 400®</li> <li>• Russell 2000 Index®</li> <li>• NASDAQ-100®</li> <li>• Lehman Brothers U.S. Aggregate Index</li> </ul>	<ul style="list-style-type: none"> <li>• S&amp;P 500®</li> <li>• NASDAQ-100®</li> </ul> <p><i>* Indices may not be available in all states.</i></p>

### ANNUAL POINT-TO-POINT

This calculation method for determining any Index Growth uses two “points” in the index during your reset period (see Annual Reset). The Index Growth for each year is determined by the change in the index values on the contract anniversary at the beginning and end of the contract year, subject to an annual Index Cap Rate.

The annual Index Cap Rate is declared at issue on each contract anniversary based on current economic conditions and is guaranteed for the next contract year. At no time will the Index Cap Rate ever fall below the guaranteed 3% minimum annual Index Cap Rate. The annual Index Cap Rate does not apply to the Fixed Account. Ask your Sales Representative for current Index Cap Rates.

### MONTHLY POINT-TO-POINT

This calculation method for determining any Interest Credit uses the monthly changes in the index, subject to a monthly Index Cap Rate. The Interest Credit is credited annually and is based on the sum of all the monthly percentage changes in the index—which could be positive or negative. On each contract anniversary, these monthly changes, each not to exceed the monthly Index Cap Rate, are added together to determine the Interest Credit for that year. Negative monthly returns have no downside limit and will reduce the Interest Credit; but the Interest Credit will never be less than zero.

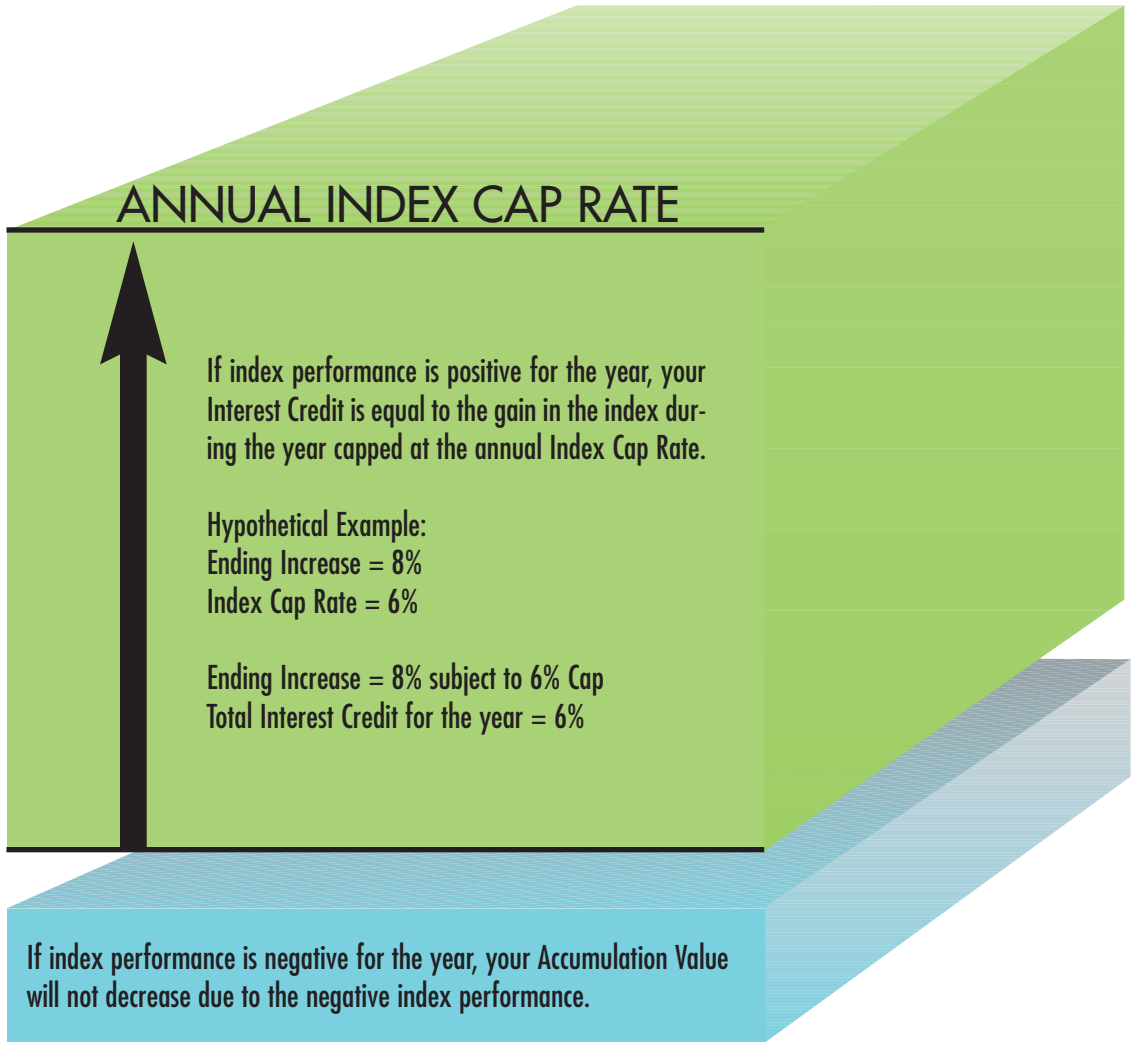
Each month an Index Cap Rate, or upper limit, is applied. This rate is declared at issue and on each contract anniversary, based upon current economic conditions, and is guaranteed for the next contract year. At no time will this rate ever fall below the guaranteed 1% minimum monthly Index Cap Rate. The monthly index cap rate does not apply to the Fixed Account. Ask your Sales Representative for current Index Cap Rates.



### INDEX CAP RATE

An Index Cap Rate is applied to each of the Index Accounts. This rate, which is set based upon current economic conditions, is declared at issue and on each contract anniversary. Upon issue, the minimum Index Cap Rate will be guaranteed for the entire term of your contract. The following chart outlines the guaranteed minimum Index Cap Rate by Index Account. At no time will the rate fall below these minimum values. An Index Cap Rate does not apply to the Fixed Account.

MINIMUM INDEX CAP RATES	
ANNUAL POINT-TO-POINT	MONTHLY POINT-TO-POINT
3% annual Index Cap Rate	1% annual Index Cap Rate



## FIXED ACCOUNT

Premium allocated to this account will earn the current Fixed Account interest rate. This rate will be guaranteed for the entire contract year and the rate will renew annually thereafter, but will never fall below the minimum fixed guaranteed interest rate. Ask your sales representative for both the initial and minimum interest rates.

## SURRENDER VALUE

The surrender value is the amount that is available at the time of surrender. The surrender value is equal to the Accumulation Value, subject to the Interest Adjustment, less applicable surrender charges and state premium taxes. The surrender value will never be less than the minimum requirements set forth by state laws, at the time of issue, in the state where the contract is delivered.

## SUBSEQUENT PREMIUMS

All subsequent premiums are deposited into the Fixed Account and will earn a Fixed Account interest rate, declared at the time the subsequent premium is received, until the end of the contract year. On each contract anniversary, North American will allocate any premiums received since the prior contract anniversary among the Fixed Account and Index Accounts according to your most recent instructions.

## TRANSFER OPTIONS

Each year, you may elect to transfer your values between the Fixed Account and Index Account options. You may also elect to transfer between crediting methods within the Index Account on an annual basis. By current Company practice, you will have 30 days following each contract anniversary to reallocate. Transfers are not allowed until your first contract anniversary. Based on current tax laws, these transfers between options will not be taxable or subject to surrender penalties. (Please refer to your **Freedom Choice** Additional Benefits Specifications Page for minimum transfer amounts.)

Neither North American, nor any agents acting on its behalf, should be viewed as providing legal, tax or investment advice. Consult a qualified advisor. The tax-deferred feature is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as the Death Benefit, lifetime annuity payments and optional riders make the contract appropriate for your needs. Premium taxes, if required in your state, will reduce income payments. The North American Freedom Choice is issued on form LC160A (group certificate), LS160A (individual contract), LR424A, LR426A, LR427A, LR428A, LR431A and LR433A (endorsements/riders) or appropriate state variation by North American Life Insurance Company, Chicago, Illinois. This product, its features and riders may not be available in all states.

1. Withdrawals taken prior to age 59 ½ may be subject to IRS penalties. Under current law, annuities grow tax deferred. An annuity is not required for tax deferral in qualified plans.
2. In states where rider is approved. Please contact your sales representative for state availability. If joint annuitants are named on the annuity, rider will apply to the first annuitant who qualifies for the benefit.
3. Interest Adjustment is not available in all states.

### SPECIAL NOTICE REGARDING THE USE OF A LIVING TRUST AS OWNER OR BENEFICIARY OF THIS ANNUITY.

The use of living trusts in connection with an annuity contract can be a valuable planning mechanism. However, a living trust is not always appropriate when mass-produced in connection with the sale of an insurance product. We strongly suggest you seek the advice of your qualified legal advisor concerning the use of a trust with an annuity contract.



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This brochure is for solicitation purposes only. Please refer to your contract for any other specific information. With every contract that North American issues there is a free-look period. This gives you the right to review your entire contract and if you are not satisfied, return it and have your premium returned.

## GETTING STARTED

### SUMMARY OF CHOICES FOR YOU TO MAKE.

#### CHOOSE ONE TIME:

#### 1 SURRENDER CHARGE PERIOD

6 year

OR

8 year

OR

10 year

OR

14 year

#### 2 PENALTY-FREE WITHDRAWAL OPTION

5% penalty-free withdrawals

OR

10% penalty-free withdrawals

#### CHOOSE EACH YEAR:

#### 3 INDEX ACCOUNT OPTIONS

Annual Point-to-Point (APP)

AND/OR

Monthly Point-to-Point (MPP)

#### 4 HOW TO ALLOCATE YOUR PREMIUM

\_\_\_\_\_ % S&P 500<sup>®</sup>

\_\_\_\_\_ % S&P MidCap 400<sup>®</sup>

\_\_\_\_\_ % DJIA<sup>SM</sup>

\_\_\_\_\_ % NASDAQ-100<sup>®</sup>

\_\_\_\_\_ % Russell 2000<sup>®</sup>

\_\_\_\_\_ % Dow Jones Euro STOXX 50<sup>®</sup>

\_\_\_\_\_ % Lehman Brothers U.S. Aggregate Index

\_\_\_\_\_ % Fixed Account

**Note: This page is for your reference only. It does not need to be returned to North American.**



## PORTRAIT OF FINANCIAL STABILITY

A.M. Best	A+ (Superior) <sup>1,2</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	AA- (Very Strong) <sup>2</sup>	4th highest out of 22 categories	Standard & Poor's Corporation is an independent third-party rating firm that rates on the basis of financial strength.
Fitch Ratings	AA- (Very Strong)	4th highest out of 24 categories	Fitch is a leading global rating agency committed to providing the world's credit markets with independent, timely and prospective credit opinions.

<sup>1</sup> A.M. Best rating assigned on August 31, 2006. For the latest rating, access [www.ambest.com](http://www.ambest.com).

<sup>2</sup> 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.

Ratings shown reflect the opinions of the rating agencies and are not implied warranties of the company's ability to meet its financial obligations. Ratings are current as of the date of this brochure.



NOT FDIC INSURED.  
NO BANK GUARANTEE.