

# MultiChoice Freedom Series



Aviva's Traditional Fixed Annuity Product Series



**For Agent Education & Internal Use Only ~  
Not for use with the general public.**

# Why a Fixed Series?



- SEC 151a
- Market Volatility Concerns
- Provide More Options for our Agents
- Round out our Portfolio
- Increase our Market Share for Fixed Products

# MultiChoice Freedom Series



- Traditional Fixed Annuity Series
  - Freedom 3, 5 and 7
    - Non-Bonus
  - Freedom Plus
    - 10-Year, 5% Premium Bonus
  - Freedom Xtra Bonus
    - 10-Year, 10% Premium Bonus



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The Aviva *MultiChoice* Freedom Fixed Annuities [MCF3 (08/08), MCF5 (08/08), MCF7 (08/08), MCFP (08/08), MCFX (08/08) or state variation] are issued by Aviva Life and Annuity Company, Des Moines, IA. Product features, limitations and availability vary by State; refer to the contract for complete details Bonus annuities may include lower cap rates, higher spreads or other restrictions that are not included in similar annuities that don't offer a premium bonus feature.

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## Freedom Series Advantages

- No Market Value Adjustment (MVA)
- Daily Interest Credits
- Choice of one of two riders!
  - **Death Benefit Rider**
  - New Income Rider
- Premium Bonus
  - **5% Premium Bonus** on monies added to **Freedom Plus** during first TWO contract years
  - **10% Premium Bonus** on monies added to **Freedom Xtra** during first TWO contract years



# Issue Ages and Premium Limits



- Minimum Initial
  - \$5,000
- Subsequent
  - \$1,000 minimum
  - \$100,000 annual maximum
- Maximum Initial
  - \$1,000,000 without home office approval

Product	Issue Ages
Freedom 3 – 5 – 7	0 – 85
Freedom Plus	0 – 82
Freedom Xtra	0 – 80

## Term Periods

- Term Period varies per strategy
- After the last term period, funds are automatically transferred to the 1-Year Guaranteed Fixed strategy

## Minimum Interest Rate Guarantee

- 2% Minimum – All Products

# Interest-Crediting Strategies



Fixed Interest Rate Strategy	Guaranteed Term Period	Term Periods
1-Year Guaranteed Fixed Strategy	1 Year	N/A
3-Year Guaranteed Fixed Strategy	3 Years	1
5-Year Guaranteed Fixed Strategy	5 Years	1
7-Year Guaranteed Fixed Strategy	7 Years	1
5-Year Multi-Term Guaranteed Fixed Strategy	5 Years	2

**Interest is credited daily!**

# Freedom Series Gives You Freedom of Choice...Choice of Strategy Term



## Product Availability

### Fixed Term Interest Strategies

Product	1-Year Guaranteed Fixed	3-Year Guaranteed Fixed	5-Year Guaranteed Fixed	7-Year Guaranteed Fixed	5-Year Multi-Term Guaranteed Fixed
Freedom 3	X	X			
Freedom 5	X	X	X		
Freedom 7	X	X	X	X	
Freedom Plus	X	X	X	X	X
Freedom Xtra	X	X	X	X	X

## Allocations

- All **renewal premium** goes into 1-Year Guaranteed Fixed
- Transfers only allowed on money that is at the **end of a term period**
  - After the 5th anniversary, all funds remain in the 1-Year Guaranteed Fixed for duration of contract (unless in the Multi-Term)
- Transfers **only allowed into** 1-Year Guaranteed Fixed and the 5-Year Multi-Term Guaranteed Fixed (if available)

# Interest-Crediting Strategies



## Current Rates – banded at \$75,000 or greater of initial premium

Strategy	Freedom 3	Freedom 5	Freedom 7	Freedom Plus	Freedom Xtra
1-Year Guaranteed Fixed Strategy	4.00%	4.50%	4.60%	4.25%	4.00%
3-Year Guaranteed Fixed Strategy	3.85%	4.35%	4.45%	4.10%	3.85%
5-Year Guaranteed Fixed Strategy		4.20%	4.30%	3.95%	3.70%
7-Year Guaranteed Fixed Strategy			4.15%	3.80%	3.55%
5-Year Multi-Term Guaranteed Fixed Strategy				3.95%	3.70%

Tentative - Rates Current as of 11.13.2008.

## ***2% Minimum Guarantee – All Strategies, All Products!***

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Interest Rates subject to change. Bonus annuities may include lower rates or restrictions that are not included in similar annuities that don't offer a premium bonus feature.

# Withdrawal Charge Rate Schedules



Product	Contract Years										
Freedom 3	6%	5%	4%	0%							
Freedom 5	8%	7%	6%	5%	4%	0%					
Freedom 7	9%	8%	7%	6%	5%	4%	3%	0%			
Freedom Plus	16%	15%	14%	13%	12%	11%	10%	8%	6%	4%	0%

## Does NOT apply to Free Withdrawals

- Death, Waivers, Rider Withdrawals, % free, annuitization, SPIA, RMD

# Withdrawal Charges



Product	Contract Years										
	1	2	3	4	5	6	7	8	9	10	11+
<b>Freedom Xtra</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>10</b>	<b>9</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>4</b>	<b>0%</b>

## Premium Bonus Recapture Rate Schedule

Year	1	2	3	4	5	6	7	8	9	10	11+
<b>%</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>0%</b>

Withdrawals in excess of the free amount are subject to a Withdrawal Charge and a Premium Bonus Recapture Charge on the excess amount.

Withdrawals in excess of the free amount are subject to withdrawal charges and premium bonus recapture charges.

# Free Withdrawal Options



- Checkbook Access in Year 1
- 10% Free Withdrawal In Year 1
- 20% Cumulative Free Withdrawal Starting Year 2
- 100% Confinement & Terminal Illness Waivers
- 20% Home Health Care Waiver
- Annuitization Options
- LifetimePay Flex Rider

Withdrawals in excess of the free amount are subject to withdrawal charges and on the Bonus product, also subject to premium bonus recapture charges. Limitations apply; availability varies by State. Two drafts per year free of charge; minimum \$500 per draft; must be made payable to you or your financial institution; not available in all States.

# SPIA Options – Freedom



- Single Premium Immediate Annuity options
  - Years 2 – 5      8 Years or life
  - Years 6 – 10    5 years or life

SPIA requires full or partial surrender of existing Contract and purchase of an Aviva Life & Annuity SPIA. This option is available only by Company practice and may be discontinued or modified at any time.

# LifetimePay Flex Income Rider



–Can Stop and Start income at any time!

- **7.2% Compound Interest** on Income Account Value guaranteed for **20 Years!**
- Income distribution “**Doubler**” **Benefit** for Confinement
- 5-Year **Payout Option** for Beneficiaries
- **3% Increasing Benefit** Option
- **Wellness** Benefits



*LifetimePaySM Flex [MCAIRW (08/08)] is an optional benefit for which an annual premium is charged, are issued by Aviva Life & Annuity Company, Des Moines, IA. This rider is not available without purchase of the annuity contract.*

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# LifetimePay Flex



- Can **Stop and Start** income at any time!
- Rider Income available as young as **Age 50**
- **7.2%** Guaranteed Growth in Income Account Value
- **Wellness Benefits**

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Taxable amounts withdrawn prior to 59½ may be subject to a 10% IRS penalty in addition to ordinary income tax. The 7.2% guaranteed rate on the Income Account Value stops once withdrawals are elected under the rider.

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## Notable **Differences** from Indexed Series Rider

- No Restart or Step-Up
- Guaranteed 20 Year Accumulation
- Payout Age Ranges
- 3% Increasing Benefit Option

# LifetimePay Flex – Payout Options



## Maximum Annual Lifetime Income Withdrawal

Age @ Election	Single Life Income Percentage – Level	Joint Life Income Percentage – Level	Single Life Income Percentage – Increasing	Joint Life Income Percentage – Increasing
50 – 59	4.0%	3.5%	3.0%	2.5%
60 – 69	5.0%	4.5%	4.0%	3.5%
70 – 79	6.0%	5.5%	5.0%	4.5%
80+	7.0%	6.5%	6.0%	5.5%

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Once LifetimePay Flex withdrawals begin, the withdrawal percentage is locked in for life; income will not decrease and is guaranteed as long as there are no excess withdrawals. Rider Income Withdrawals cease if excess withdrawals and withdrawal charges reduce the Accumulated Value to zero. Withdrawals in excess of the maximum annual Lifetime Income Withdrawal percentages will cause future withdrawals to be reduced on a prorata basis.

## LifetimePay Flex

- 30 bps annual charge, guaranteed
  - **Calculated annually** on the contract anniversary Accumulated Value
  - **Deducted monthly** from Accumulated Value
  - Charge starts immediately
- Can be cancelled **any time** after first contract year

## **7.2% GUARANTEED Compound Interest on Income Account Value for 20 Years!**

- Not to exceed Age 85, never less than 5 years
- No Restart available

# LifetimePay Flex

## – 7.2% Guaranteed Growth!



### Income Account Value at 7.2% Guaranteed Growth!

Years of Deferral	Freedom Series Non-Bonus Products	Freedom Plus 5% Premium Bonus	Freedom Xtra 10% Premium Bonus
0	<b>\$100,000</b>	<b>\$105,000</b>	<b>\$110,000</b>
1	107,200	112,560	117,920
2	114,918	120,664	126,410
3	123,193	129,352	135,512
4	132,062	138,666	145,269
5	141,571	148,649	155,728
6	151,764	159,352	166,940
7	162,691	170,826	178,960
8	174,405	183,125	191,845
9	186,962	196,310	205,658
10	<b>\$200,423</b>	<b>\$210,444</b>	<b>\$220,465</b>

*The Income Account Value is not the same as the Accumulated Value of the base annuity contract. The Income Account Value is only used to determine the periodic amount of income available under the rider. Guaranteed growth stops when Rider withdrawals commence.*

**Premium AND Bonus (if any) will accumulate at 7.2% for 20 Years in the Income Account Value.**

For Agent Use Only ~ not for advertising to the public. Amounts assume no rider withdrawals & no additional premium. Until withdrawals under the rider are elected, the 7.2% growth on the Income Account Value is guaranteed for the first 20 Contract Years, not to exceed age 85, but never less than 5 years. The guaranteed rate is available only with the purchase of LifetimePay Flex and must be purchased in conjunction with the annuity contract.

# LifetimePay Flex

## – 7.2% Guaranteed Growth!



### But wait, there's more!

- The 7.2% continues for 20 years, or until rider withdrawals commence.
- Rider withdrawals will stop the 7.2% growth.
- Guaranteed growth cannot exceed age 85
- But will at least be for 5 years

Income Account Value at 7.2% Guaranteed Growth!			
Years of Deferral	Freedom Series Non-Bonus Products	Freedom Plus 5% Premium Bonus	Freedom Xtra 10% Premium Bonus
10	<b>\$200,423</b>	<b>\$210,444</b>	<b>\$220,465</b>
11	214,854	225,596	236,339
12	230,323	241,839	253,355
13	246,906	259,252	271,597
14	264,684	277,918	291,152
15	283,741	297,928	312,115
16	304,170	319,379	334,587
17	326,070	342,374	358,677
18	349,547	367,025	384,502
19	374,715	393,451	412,186
20	<b>\$401,694</b>	<b>\$421,779</b>	<b>\$441,864</b>

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Amounts assume no rider withdrawals & no additional premium. Until withdrawals under the rider are elected, the 7.2% growth on the Income Account Value is guaranteed for the first 20 Contract Years, not to exceed age 85, but never less than 5 years. The guaranteed rate is available only with the purchase of LifetimePay Flex and must be purchased in conjunction with the annuity contract.

## “Doubler” Benefits for Confinement

- “Income Withdrawal Multiplier”
- Access up to **Double** the rider’s Lifetime Income Withdrawal amount if confined to a qualified care facility
- 1-Year **Waiting** Period
- Confinement **180 of last 250** days



# LifetimePay Flex

## – Income Doubler



### Eligibility Requirements for Income Withdrawal Multiplier

- Joint Annuitants – only one must meet requirements
- **Annuitant cannot be confined on Contract Effective Date**
- Owner and Annuitant must be the same person
- The client is still eligible to receive the Confinement Income Doubler amount even if Rider Withdrawals have not been elected
- May not trigger increased income % in **first Contract Year**
  - **Qualifications** can be met, but increased income percentage (double payment) not available until Year 2
- Annuitant must have been confined for **180 of past 250 days**, and must be confined **on date Rider Withdrawal is to be paid**

# LifetimePay Flex

## – Income Doubler, cont'd



### Eligibility Requirements for Income Withdrawal Multiplier, cont'd

- Written **recommendation for Confinement** by Physician licensed in that State who is not an employee of the facility or a family member of the Owner
- **Convalescent Care Facility, Hospice Facility, Hospital**
- Confinement Income Doubler Withdrawals are not considered excess Withdrawals

# LifetimePay Flex

## – Payout Options...2 Choices!



- **Level Payment Option**

- Same payment percentage guaranteed **FOR LIFE!**

- **Increasing Benefit Option**

- **Lifetime Income Withdrawal** amount starts 1% less, then increases **3% annually** on the anniversary of the start of the Income Period
- 3% Increase **ceases when the Accumulated Value of the underlying annuity contract = \$0**; Rider payments continue for life
- Help Keep up with Cost of Living!

# LifetimePay Flex

## – Payout Option Hypothetical Example



### Hypothetical Assumptions

Freedom Xtra Product  
 \$100,000 Initial Premium  
 10% Premium Bonus  
 \$110,000 Starting Value  
 Single Life Calculation

Client purchased contract at age 70 and started rider withdrawals immediately. The client has **two choices** at the time he begins withdrawals. He can take a 6% Level Payment or the Increased Benefit Option with a 5% withdrawal.

Age @ Election	Lifetime Income Withdrawal @ 6% Payout Factor	Annual Income Withdrawal with 3% Increasing Benefit Option using a 5% payout factor (Single Life) <sup>1</sup>	3% Annual Increasing Benefit
70	\$6,600	\$5,500	\$0
71	\$6,600	\$5,665	\$165
72	\$6,600	\$5,835	\$335
73	\$6,600	\$6,010	\$510
74	\$6,600	\$6,376	\$690
75	\$6,600	\$6,567	\$876
76	\$6,600	\$6,764	\$1,067
77	\$6,600	\$6,967	\$1,264
78	\$6,600	\$7,176	\$1,467
79	\$6,600	\$7,392	\$1,676
80	\$6,600	\$7,613	\$1,892

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Assumes no withdrawals or no additional premiums. The Increasing Benefit Option will continue to increase by the Lifetime Income Withdrawal Increasing Percentage of 3% on each anniversary of the beginning of the income period. The increases stop and the payments remain level when the Accumulated Value of the annuity is reduced to zero.

# LifetimePay Flex

## – Payout Options



### Single Life Calculation

- Based on life expectancy of annuitant

### Joint Life Calculation

- Base payments on joint life calculation
  - payout percentages are based on younger annuitant
- Spouse must be sole, primary beneficiary
- Don't have to be joint annuitants (Qualified funds)
- Guarantee income until the death of last surviving spouse

## Wellness for Life Program Benefits

- Mayo Clinic Health Risk Assessment
- Personal health management portal
- Ask Mayo Clinic 24/7 Nurse Line
- Quarterly Newsletter - Mayo Clinic *EmbodyHealth*
- Mayo Clinic Special Offers
- Mayo Clinic *EmbodyHealth* Calendar

Live longer and  
feel better

IT MAY BE EASIER THAN YOU THINK.



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It is anticipated that Wellness for Life services will be provided by Mayo Clinic Health Solutions for the life of the Program. It is possible that the provider and/or menu of Wellness Services may change or be enhanced at some future date. These benefits are not available by themselves without purchase of the rider.

# Standard Death Benefit



## Built-In Base Annuity Death Benefit

- Beneficiaries receive **full Accumulated Value** in lump sum

## Other Beneficiary Options

- Full Accumulated Value paid under Optional Annuity Benefits
- Surviving Spouse may elect **Spousal Continuation**

# Death Benefit Rider



## InsurePay<sup>SM</sup>

- 6% **Simple Interest** Guarantee on all remaining Premium & Bonus!
- Stops Accumulating at the Earlier of:
  - attained **age 90** OR
  - death benefit has reached **250%** of premium & bonus
- **Spousal Continuation** Option
- May cancel rider any time after First Contract Year

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*InsurePay<sup>SM</sup> [MCDBR (08/08)] is an optional benefits for which an annual premium is charged, are issued by Aviva Life & Annuity Company, Des Moines, IA. The rider death benefit will no longer increase at 6% simple interest when one of the following events occurs: the death benefit has reached 250% of premiums paid, or; reaching attained age 90. When this happens, the rider remains intact; however, no additional accumulation will take place.*

# Death Benefit Rider



## InsurePay<sup>SM</sup>

- Payout Available in **Lump Sum**
- Rider Charge
  - 40 bps annually, starting in Year 1
  - Calculated and charged on the Accumulated Value
  - Rider charge stops after 10 years **and** the Accumulated Value **is greater than** Death Benefit
- Base Annuity Withdrawals **Reduce Rider's Death Benefit** prorata
- Available Exclusive of the Income Rider

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*InsurePay [DBR (08/08)], an optional benefit for which an annual premium is charged, is issued by American Investors Life Insurance Co. Inc., Topeka KS, an Aviva company. The rider death benefit will no longer increase at 6% simple interest when one of the following events occurs: the death benefit has reached 250% of premiums paid, or; reaching attained age 90. When this happens, the rider remains intact; however, no additional accumulation will take place.*

## Retirement Income Needs

- Purchase **LifetimePay Flex/Income Edge Flex** and guarantee an income stream for life.

## Legacy Values

- Purchase **InsurePay<sup>SM</sup>** and guarantee 6% simple interest on all premium and any premium bonus

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The 7.2% guaranteed rate on the Income Account Value stops once withdrawals are elected under the rider. Until withdrawals under the rider are elected, the 7.2% growth on the Income Account Value is guaranteed for the first 20 Contract Years, not to exceed age 85, but never less than 5 years.

The rider death benefit will no longer increase at 6% simple interest when one of the following events occurs: the death benefit has reached 250% of premiums paid, or; reaching attained age 90. When this happens, the rider remains intact; however, no additional accumulation will take place.

## No Chargebacks

- Not for rider withdrawals or upon death
- Only upon full surrender, partial withdrawals and annuitization in Year 1

## Aviva Freedom Series

Fixed Annuities

Available December 3, 2008

### Agent Information

- [Freedom Series Quick Reference Guide](#)

### Freedom Series Consumer Brochures

- [Freedom 3, 5, 7 Consumer Brochure](#)
- [FreedomPlus Consumer Brochure](#)
- [FreedomPlus S Consumer Brochure](#)  
(Select states only)
- [FreedomXtra Consumer Brochure](#)

### LifetimePay<sup>SM</sup> Flex Material

- [LifetimePay<sup>SM</sup> Flex Consumer Brochure](#)



**This presentation only provides product highlights—please refer to the product disclosure for information regarding exclusions, limitations, reductions of benefits and terms, including costs and complete details of coverage.**

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The optional riders are not available for purchase without the annuity contract.

Bonus annuities typically include lower cap rates, higher spreads or other restrictions that are not included in similar annuities that don't offer a premium bonus feature.



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