



UNDERSTANDING YOUR CLIENT'S NEEDS

FIXED ANNUITY PRODUCT GUIDE



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POINTS TO CONSIDER

It is important to ensure that our products meet the needs of your clients. Carefully read this guide in its entirety and call Marketing Support at 866-322-7066 with any questions.

This booklet is intended to serve as a guide in helping you identify some of the important factors to consider for each of your clients. By applying this information, you will have a foundation from which an appropriate product recommendation can be made. Please note that the information provided herein is not intended to be all-inclusive. Individual client circumstances will vary and you are expected to adhere to all requirements applicable to insurance producers doing business in your state.

Understanding your client's needs is vital before recommending the purchase of an annuity. Simply knowing the features of the annuity is not enough to make a proper recommendation. It is imperative that fact-finding take place as well.

It is the policy of North American that sales illustrations, proposals, projections, and/or software not be utilized during the application, sale, purchase, or any other aspect of marketing our fixed index annuity products. This policy includes, but is not limited to, sales illustrations, proposals, projections and/or software that provide past index performance as a predictor of future index performance.

An annuity can be an excellent insurance product for your clients. Clients have various factors that will help indicate which annuity, if any, is appropriate for their individual situation. In discussing an annuity with your client the following factors, in addition to those previously mentioned, must be considered for each annuity purchase. Please refer to the Compliance Manual for Company guidelines and a comprehensive discussion of each topic.

- Broad protection of Senior Protection Laws
- Evaluating the buyer—mental or cognitive impairment
- Need to err on side of being conservative
- “Buyer’s remorse”
- Some clients may be less sophisticated than they appear
- Seniors often work closely with other advisors
- Full fact finding and documentation is very important
- Mortgage and refinancing
- Beneficiaries sometimes have different objectives than the Contract owner
- Index account allocations
- Use of illustrations
- Use of clients’ statements in the sales process
- Wills, trusts and Medicaid planning
- Use of professional designations

KNOWING YOUR CLIENT

With good fact-finding, the starting point should seem logical. Start with easy questions, even ones with obvious answers. This will give your clients a chance to become comfortable with the process and provide a foundation of knowledge to build upon. We highly recommend the use of a “Fact Finder” form to aid in gathering this information. Please see our website for an example of a Fact Finder. The following are some basic points to consider during your initial interview.

Personal Information

Basics

- Client’s name and date of birth.
- Spouse’s name and date of birth.

Occupation of Client (and Spouse if Applicable)

- Current occupation. (A 5-year employment history is helpful.)
- Length of employment.
- Length of time until retirement.
- Current income. (Projections of possible changes in income.)
- Other sources of income. (Some examples to consider may be: pension, side business, part-time work, investment income, rental property.)
- Current debt obligations.
- Annual income needs.

Dependents

Dependents may be anyone for whom your clients are financially responsible. This could be anyone from stay-at-home spouses who don’t have a retirement account of their own, a child who wants to go to college, or an elderly parent who is in your client’s care. All of these factors affect how long and how much your clients may be able to invest. The following are some basic considerations.

Spouse

- Is the spouse currently employed?
- Does the spouse have a pension?
- What type of preparation has the spouse made for retirement?

Children

- Age of children, if applicable. (Include addresses and social security numbers.)
- Will they be named as a beneficiary?
- Are they planning on attending college? Is there a savings plan in place now?
- Do you want to include your child(ren) in your financial planning discussion?

Other

- Is there an elder dependent living in the home?
- What additional concerns/needs might they have?
- Medical expenses.
- Health-related issues. (E.g. mental or cognitive impairment.)
- Home equity, mortgage, credit card debt.

KNOWING YOUR CLIENT

Goals and Objectives

Your clients' goals for their money will vary and may range from short to long-term. All major financial considerations should be accounted for during planning. It is important that, as the person making a recommendation, you understand their needs. For example, are your clients looking to put a down payment on a house or are they attempting to save for retirement?

There will be different factors that motivate each client. It is your duty to understand the client's financial needs, objectives and goals in order to ensure a suitable sale.

1. Retirement

- **Be diversified.** Rarely, if ever, does one type of financial product solve all of your client's retirement needs.
- **Make a plan.** Whatever action you take should be logical. Follow the plan you establish.
- **Make sure your clients won't outlive their income.** Whatever the plan, make sure there will be income available when needed and for as long as needed.

2. Medical/Long-term Care

- Be sure to discuss these needs.
- Make sure money will be available in the amount needed.
- Consider the liquidity features or riders the annuity offers to accommodate these concerns.

3. Life's Emergencies

- Err on the side of caution when it comes to liquidity needs.
- Leave adequate funds in a savings account or money market for unplanned emergencies.
- Make sure your client is aware of the withdrawal provisions.

4. Higher Education

- Make sure the client's potential purchase does not impede a prior commitment to save for college expenses.
- Pay special attention to the age of the children, as that will affect the time horizon.

5. Life Insurance

- Consider life insurance needs.
- Know what assets your clients need to protect (house, family, lifestyle) and address those concerns specifically.

6. Other

- It may take a little probing to determine what the "other" factors are, but "they" almost always exist. "Other" may be a new car or second home.
- In addition, how important are these goals in relation to the other concerns listed above? Have they set aside funds for these goals?

The order of these points does not necessarily reflect the level of importance to your client.

KNOWING YOUR CLIENT

Income and Assets

It is important to understand just what assets your clients have available. You will need to know the total household income, sources of income, available savings, etc. The more fact-finding you do here, the better. You will gain perspective on just how attainable their goals are, given the income or assets they have available. Below are questions that will assist in this process.

- Net worth?
- Yearly household income?
- Source of this income? (Employment, pension, outside investments, social security, or other.)
- Potential short-term change in income? (Current annuities, life insurance, etc.)
- How much of the client's savings and available funds will be used to fund this product?
- Current tax bracket?
- Investment experience?
- What kinds of investments or purchases have they made in the past?
- How familiar are they with the concepts you are presenting?

Obtaining this information will give you a better sense of your clients' assets and how an annuity purchase may affect them. As you do this, you may find that they already have an annuity, but no life insurance, and additional annuity products may be inappropriate or unnecessary.

Here are some other points to consider before recommending the purchase of any annuity product:

- What is the source of the funds for the purchase?
- What major expenses do they have that need to be addressed first? (Examples include: mortgage, car payments, health insurance, etc.)
- Are the liquidity provisions adequate?
- Are other funds available if needed?
- Will they be making a monthly contribution? Is that amount acceptable?
- Who will be the beneficiaries?
- What concerns, if any, may arise specific to the intended beneficiary designation?
- Is the beneficiary a person or other entity?
- Will the beneficiary/owner in any way impact the tax-deferral status of the annuity contract?

REPLACEMENT

As you meet with clients, it may become apparent that all or a portion of funds intended for the purchase of a North American annuity could come as the result of a replacement of another company's annuity or life insurance policy. North American strictly adheres to all state laws and regulations regarding replacements. As an insurance agent, there are several factors that you should consider before recommending a transaction involving a replacement.

The following list provides some of those factors:

- Company ratings/financial strength.
- Safety of premium.
- Surrender charges.
- Interest Adjustment. (Market Value Adjustment)
- Similarities between products.
- Term remaining on existing contract.
- Rate comparison.
- How a Premium bonus(es) may affect the rate(s).
- Mortality and Expense charges.
- Tax consequences of the replacement.
- Riders on either contract.
- Death Benefit of either contract.
- Collateral effects of replacement. (E.g. How has the need for life insurance been addressed if the life insurance policy is being replaced by an annuity?)

Please be aware that North American requires a replacement form for all replacement transactions, regardless of state regulations.

Depending upon the circumstances, a replacement may or may not be in the best interest of a client. In some cases, a change to a currently-owned product may benefit the client more than the purchase of a new product.

Additionally, the definition of "replacement" goes beyond the surrender of one contract and subsequent purchase of another contract. As an agent, you should be aware of all the transactions that are considered a replacement.

For example, a replacement may occur when a life insurance policy or annuity contract has been or is to be:

- Lapsed, forfeited, surrendered, or otherwise terminated;
- Converted to reduced paid-up insurance, continued as extended term insurance or otherwise reduced by the use of nonforfeiture benefits;
- Reduced in value through a withdrawal or partial surrender;
- Reissued with a reduction in cash value;
- Pledged as collateral or subjected to borrowing where the aggregate loan exceeds a state-specified percentage of the loan value of the existing contract; or
- Amended by reducing or eliminating ancillary benefits, such as waiver of premium or accidental death benefits.
- Surrendered to the customer and then used as a cash purchase.

Replacing North American business is prohibited by our agent contract. Violating this provision is grounds for termination of your contract as well as forfeiting the right to service North American contract owners.

PRODUCT FEATURES

Traditional and Fixed Index Annuities

North American has a wide variety of traditional fixed and fixed index annuities. Although each annuity product is different, there are features that are consistent with all of our annuity products. The next section will give you a brief overview and help explain some of the main product features. Following that section is a product-specific summary of our current portfolio. Please refer to the product-specific brochures, Annuity Disclosure Statements or Annuities At a Glance for additional information. Review the current product approval chart for availability in your state.

Please note: North American's fixed index annuity products are not investments in the stock market and do not participate in any index, stock, bond or equity investments. In addition, market indices do not include the payment or reinvestment of dividends in the calculation of their performance.

Products that have premium bonuses may offer lower credited interest rates, greater Index Margins and/or lower Index Cap Rates and Participation Rates than products that don't offer a premium bonus. Over time and under certain scenarios the amount of the premium bonus may be offset by the lower interest rates, greater Index Margins and/or lower Index Cap Rates and Participation Rates.

Withdrawals

Each contract has specific penalty-free withdrawal provisions that may vary by product. Any excess amount will be subject to a surrender charge and possibly an Interest Adjustment during the surrender charge period. The penalty-free withdrawal amount is non-cumulative between contract years. Please refer to the product brochure for details. Withdrawals prior to age 59½ may be subject to an IRS penalty.

Surrender Charges

A surrender charge will be deducted from the Accumulation Value as a result of a full or partial surrender exceeding the penalty-free amount described above. Surrender charges on IRS-Required Minimum Distributions exceeding the penalty-free amount are waived by current Company practice, on most products. Potential earnings may be reduced if your client surrenders the contract before the end of the surrender charge period or the withdrawal exceeds the penalty-free amount. Please refer to the product-specific brochure or Annuity Disclosure Statement for a complete listing of surrender charges for each product.

Note: Surrender charge schedules may vary by product and issue state.

Interest Adjustment (also known as Market Value Adjustment)

North American's fixed annuity products may include an Interest Adjustment. It is applied to the full amount of all full and partial surrenders exceeding the penalty-free amount. The Interest Adjustment will be assessed during the period specified by the contract. This adjustment will either decrease or increase the surrendered amount based on the change in the interest rates since the clients purchased their annuity. Please refer to the product-specific consumer brochure and *Understanding the Interest Adjustment* for more information.

Note: The Interest Adjustment feature may not be available in all states or on all products.

Death Benefit

North American will waive all surrender charges upon the death of the owner or annuitant and will pay out the full Accumulation Value to the beneficiary. If joint annuitants are named in the annuity, the Death Benefit will be paid at the second death. If joint owners are named in the annuity, the Death Benefit will be paid upon the first death.

Distributions will be taxed to the beneficiary at distribution. Clients should consult with and rely on their own tax advisor.

PRODUCT FEATURES

Fixed Index Annuities

North American offers innovative fixed index annuity products for you and your clients. With numerous companies offering a wide array of fixed index annuity product designs, it is important to understand all available features and options. The following section explains the features of North American's fixed index annuity portfolio. While this section explains the main features, all North American fixed index annuity products are different; therefore, please refer to the product-specific brochures, Annuity Disclosure Statements or Annuities At a Glance for additional information.

Fixed Account

The Fixed Account will earn the current Fixed Account interest rate. This rate will be guaranteed for the entire contract year, thereafter a new rate will be declared annually. Please refer to the Interest Rate Sheet (6745Z) or our website for current rate information.

Index Account

North American offers Interest Credits based on the performance of various market indices. Each year, provided there is a gain in the index, the resulting Interest Credit is applied to the Index Account. An Index Cap Rate and/or Participation Rate may also be applied to this Interest Credit on certain products. Please refer to the product-specific brochure for additional information.

Participation Rate

The Participation Rate is a percentage that is multiplied by the gain each year to determine the Interest Credit.

Index Cap Rate

The Index Cap Rate is the maximum percentage of Interest Credit that can be earned. The Index Cap Rate is set at the beginning of each contract year and is guaranteed for one year. The Index Cap Rate may be applied to the following Interest Accounts: Annual Point-to-Point, Monthly Point-to-Point and Daily Average. The Index Cap Rate does not apply to the Fixed Account. The Fixed Index Annuity may also have a Participation Rate.

If that is the case, the Index Cap Rate may be applied either before or after the Participation Rate depending on the product. If the Index Growth is zero or negative after applying any Index Cap Rate and/or deducting the Participation Rate, the amount credited in that year to the Index Value will be zero.

Inverse Performance Trigger

The Inverse Performance Trigger uses the Annual Declared Rate Negative Performance Option which applies a declared rate that is set in advance each year. The Annual Declared Performance Rate is guaranteed never to go below the minimum guarantee set for this Index Account Option.

Annual Reset

The Annual Reset allows an Interest Credit, if any, to be added to the Index Account 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 your clients the advantage of compounding in subsequent years. This feature also resets the starting index point each year on the contract anniversary. Annual Reset minimizes the risk when the index experiences a severe downturn during the year. Your clients then can take advantage of gains from that point forward. Without this feature, they would have to wait for the index to climb up to its original level before any gains could be realized.

Transfer Options

The client may transfer the values between the Fixed Account and Index Accounts on each contract anniversary. By current Company practice, transfers are allowed up to 30 days following the contract anniversary. Based on current tax laws, these transfers between options are not taxable or subject to surrender penalties. Transfers are not allowed during the free-look period.

FIXED INDEX ANNUITY MARKET CONDUCT ISSUES

A Fixed Index Annuity (FIA) is a fixed annuity with a feature that allows the credited interest rate to be related to an external benchmark (such as the S&P 500®) over which the insurance company has no control. The annuity can earn Interest Credits (Index Credits) based upon the performance of the selected indices; however, they are not an actual investment in the stock market or in the applicable index. It is critical that you use accurate terminology when selling North American FIAs. If you do not, you risk giving clients the impression they are buying a registered/variable product, which North American's FIAs are not.

We strongly recommend you refer to the product brochure and disclosure statement to assist you in describing product features. These documents are worded to describe the way the product works in language that your client will likely understand. While we expect you to customize your sales presentation to fit particular clients, it is essential that you describe product features, including surrender charges, liquidity, limitations and withdrawal options, accurately and clearly. A copy of the product brochure must be left with the client.

The brochure and disclosure statement present the product fairly and describe how the interest rate crediting works for all the index options your client has available. First, our disclosure statement details the workings of our product, describing both the features and the contractual obligations. It then requires the client to initial either the product option chosen or next to the surrender charge depending on the product. The Annuity Suitability form asks questions to demonstrate that you have considered issues related to the appropriateness of the product for your client. After both you and the client sign the applicable Annuity Suitability form and disclosure statement, submit one copy to North American with the rest of the completed paperwork — leaving copies with the client.

Many states have adopted or proposed legislation that requires a Buyer's Guide to Annuities. North American provides your client, along with their Annuity Contract, a copy of this Buyer's Guide to Annuities, written by the NAIC. The Buyer's Guide is an excellent information resource for annuities in general. It covers the basic definition of an annuity, features and benefits, and the different kinds of annuities, including Fixed Index Annuities. The guide also provides clients a list of questions to ask their agent and points to consider before purchasing an annuity. North American makes available two different versions of the guide; the Buyer's Guide to Fixed Deferred Annuities (14513Z) and the Buyers Guide to Fixed Index Annuities (6828Z-EIA). Contact the Annuity Service Center for more information on obtaining copies of the Buyer's Guide to Annuities.

NORTH AMERICAN PARAMOUNT CHOICE TEN®

7% Premium Bonus* (for all premium received in the first six contract years)

Interest Accounts

Annual reset Index Account options using Monthly Average (MA), Monthly Point-to-Point (MPP) and Annual Point-to-Point (APP):

- Dow Jones Industrial AverageSM (DJIASM) (APP, MA)
- Russell 2000® Index (APP, MA)
- EURO STOXX 50® (APP)
- S&P MidCap 400® (APP, MA)
- S&P 500® (APP, MA, MPP)
- Nasdaq-100® (APP, MPP)**

Fixed Account Option

The Fixed Account Rate is guaranteed for the entire contract year and renews annually thereafter. This rate will never fall below the minimum guaranteed interest rate of 1%.***

Index Cap Rate

The Annual guaranteed minimum Index Cap Rate is 2% for the Annual Point-to-Point and Monthly Average Index Accounts. The Monthly Point-to-Point minimum Index Cap Rate is 1%. This rate does not apply to the Fixed Account.

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified (\$50/mo. TSA—Salary Reduction Required)

Issue Ages (Qualified and Non-qualified)

- 0-79

Note: Issue ages may vary by state.

Penalty-Free Withdrawals

Up to 10% of the Accumulation Value, once each year, after the first contract anniversary. Withdrawals prior to age 59½ may be subject to IRS penalties.

Surrender Charges

- 10 Years: (9%, 9%, 8%, 7%, 6%, 5%, 4%, 3%, 2%, 1%)

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 the Annuity Disclosure Statement for complete details. This product has an Interest Adjustment.****

Waiver

- Nursing Home Confinement Waiver

Note: Waiver may not be available in all states and is issued to ages 75 and younger. Waiver is automatically added to contract at no cost.

Premium Bonus and Recapture Provision

During the surrender charge period, withdrawals in excess of the penalty-free amount or a full surrender will incur a premium bonus recapture. This is in addition to any applicable surrender charges and/ or Interest Adjustments. The recapture schedule is based on the issue date of the Contract and is applies to all premium bonuses credited.

- 10 Years: (100%, 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20%, 10%)

Note: Premium bonus is fully vested in the event of the death of the Annuitant. No recapture will occur on any penalty-free withdrawal amount, Required Minimum Distribution or under the Nursing Home Confinement Waiver.

Minimum Guaranteed Contract Value (MGCV)

The MGCV equals 100% of the premiums (excluding any premium bonus), less any withdrawals before any Premium Bonus Recapture, Interest Adjustment or surrender charges accumulated at 1%, less surrender charges (as calculated in the Contract). The MGCV Interest Rate is based on the issue date of the Contract and is guaranteed for the entire term of the Contract.

*Products offering a Premium Bonus may result in a lower rate than products that don't offer a Premium Bonus. Premium Bonus may vary by annuity product and length of surrender charge period selected.

**Indices and strategies may not be available in all states.

***See the most current version of the Interest Rate Sheet (6745Z) for rate information.

****Please see page 7 for further details on the Interest Adjustment.

NORTH AMERICAN TEN®

7% Premium Bonus* (for all premium received in the first five contract years)

Interest Accounts

Annual reset Index Account options using Monthly Average (MA), Monthly Point-to-Point (MPP) and Annual Point-to-Point (APP):

- Dow Jones Industrial AverageSM (DJIASM) (APP, MA)
- Russell 2000® Index (APP, MA)
- EURO STOXX 50® (APP)
- S&P MidCap 400® (APP, MA)
- S&P 500® (APP, MA, MPP)
- Nasdaq-100® (APP, MPP)**
- Hindsight Index Strategy^{®**} (combination of S&P 500®, Dow Jones, EURO STOXX 50® and Russell 2000®) (APP)

Fixed Account Option

The Fixed Account Rate is guaranteed for the entire contract year and renews annually thereafter. This rate will never fall below the minimum guaranteed interest rate of 1%.***

Index Cap Rate

Annual Point-to-Point and Monthly Average minimum Index Cap Rates are 2%. Monthly Point-to-Point minimum Index Cap Rate is 1%. This rate does not apply to the Fixed Account.

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified (\$50/mo. TSA—Salary Reduction Required)

Issue Ages (Qualified and Non-qualified)

- 0-79

Note: Issue ages may vary by state.

Penalty-Free Withdrawals

Up to 10% of the Accumulation Value, once each year, after the first contract anniversary. Withdrawals prior to age 59½ may be subject to IRS penalties.

Surrender Charges

- 10 Years: (18%, 16%, 14%, 12%, 11%, 10%, 8%, 6%, 4%, 2%)

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 the Annuity Disclosure Statement for complete details. This product has an Interest Adjustment.****

Waiver

- Nursing Home Confinement Waiver

Note: Waiver may not be available in all states and is issued to ages 75 and younger. Waiver is automatically added to contract at no cost.

Minimum Guaranteed Contract Value (MGCV)

The MGCV equals 100% of the premiums (excluding any premium bonus), less any withdrawals (before any Interest Adjustment or surrender charges), accumulated at 1%, less surrender charges (as calculated in the Contract). The MGCV Interest Rate is based on the issue date of the Contract and is guaranteed for the entire term of the Contract.

*Products offering a Premium Bonus may result in a lower rate than products that don't offer a Premium Bonus. Premium Bonus may vary by annuity product and length of surrender charge period selected.

**Indices and strategies may not be available in all states.

***See the most current version of the Interest Rate Sheet (6745Z) for rate information.

****Please see page 7 for further details on the Interest Adjustment.

PERFORMANCE CHOICE® 8 PERFORMANCE CHOICE® 8 PLUS

5% PREMIUM BONUS ON PERFORMANCE CHOICE 8 PLUS*

(for all premium received in the first five contract years)

Index Account Options

Annual reset Index Account options available with the Monthly Point-to-Point, Annual Point-to-Point Index and Inverse Performance Trigger:

- Dow Jones Industrial AverageSM (DJIASM), (APP)
- Nasdaq-100^{***} (APP, MPP)
- S&P 500[®] (APP, MPP, IPT)
- EURO STOXX 50[®] (APP)
- Russell 2000[®] (APP)
- S&P MidCap 400[®] (APP)
- Hang Seng (APP)

Fixed Account Option

The Fixed Account Rate is guaranteed for the entire contract year and renews annually thereafter. This rate will never fall below the minimum guaranteed interest rate of 1%.***

Index Cap Rate

The guaranteed minimum Index Cap rate is 2% for Annual Point-to-Point and 1% for Monthly Point-to-Point. An Index Cap Rate does not apply to the Fixed Account or the Inverse Performance Trigger.

Inverse Performance Trigger

The Inverse Performance Trigger uses the Annual Declared Rate Negative Performance Option which applies a declared performance rate to calculate Interest Credited each year when index performance stays the same or goes down. The minimum guaranteed rate will never be less than 1%.

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified

Issue Ages

- 0-85 (Qualified and Non-qualified)

Note: Issue ages may vary by state.

Penalty-Free Withdrawals

Up to 10% of the current Accumulation Value, once each contract year, after the first contract anniversary, without incurring surrender charges, Premium Bonus recapture (if applicable) or Interest Adjustments. Amounts withdrawn in excess of 10% will be assessed a surrender charge, Premium Bonus Recapture (if applicable) and, possibly, an Interest Adjustment during the surrender charge period.

Surrender Charges

- 8 Years (10%, 10%, 10%, 10%, 9%, 8%, 5%, 3%)

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 the Annuity Disclosure Statement for complete details. This product has an Interest Adjustment.****

Waiver

- Nursing Home Confinement Waiver

Note: Waiver may not be available in all states and is issued to ages 75 and younger. Waiver is automatically added to contract at no cost.

Premium Bonus and Recapture Provision

For the Performance Choice 8 Plus, a 5% premium bonus will be credited to the Accumulation Value for premium received during the first five contract years. During the surrender charge period, withdrawals in excess of the penalty-free amount or a full surrender will incur a premium bonus recapture as outlined below. This is in addition to any applicable surrender charges and/or Interest Adjustments. The recapture schedule is based on the issue date and applies to all premium bonuses credited. Recapture schedule: Contract Years 1-8 (100%, 90%, 80%, 70%, 60%, 50%, 40%, 20%).

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, Premium Bonus Recapture (if applicable) 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.

*Products offering a Premium Bonus may result in a lower rate than products that don't offer a Premium Bonus. Premium Bonus may vary by annuity product and length of surrender charge period selected.

**Indices and strategies may not be available in all states.

***See the most current version of the Interest Rate Sheet (6745Z) for rate information.

****Please see page 7 for further details on the Interest Adjustment.

PERFORMANCE CHOICE® 12 PERFORMANCE CHOICE® 12 PLUS

8% PREMIUM BONUS ON PERFORMANCE CHOICE 12 PLUS*

(for all premium received in the first five contract years)

Index Account Options

Annual reset Index Account options available with the Monthly Point-to-Point, Annual Point-to-Point Index and Inverse Performance Trigger:

- Dow Jones Industrial AverageSM (DJIASM) (APP)
- Nasdaq-100^{***} (APP, MPP)
- S&P 500[®] (APP, MPP, IPT)
- EURO STOXX 50[®] (APP)
- Russell 2000[®] (APP)
- S&P MidCap 400[®] (APP)
- Hang Seng (APP)

Fixed Account Option

The Fixed Account Rate is guaranteed for the entire contract year and renews annually thereafter. This rate will never fall below the minimum guaranteed interest rate of 1%.^{***}

Index Cap Rate

The guaranteed minimum Index Cap rate is 2% for Annual Point-to-Point and 1% for Monthly Point-to-Point. An Index Cap Rate does not apply to the Fixed Account or the Inverse Performance Trigger.

Inverse Performance Trigger

The Inverse Performance Trigger uses the Annual Declared Rate Negative Performance Option which applies a declared performance rate to calculate Interest Credited each year when index performance stays the same or goes down. The minimum guaranteed rate will never be less than 1%.

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified

Issue Ages

- 0-75 (Qualified and Non-qualified)

Note: Issue ages may vary by state.

Penalty-Free Withdrawals

Up to 10% of the current Accumulation Value, once each contract year, after the first contract anniversary, without incurring surrender charges, Premium Bonus recapture (if applicable) or Interest Adjustments. Amounts withdrawn in excess of 10% will be assessed a surrender charge, Premium Bonus Recapture (if applicable) and, possibly, an Interest Adjustment during the surrender charge period.

Surrender Charges

- 12 Years (10%, 10%, 10%, 10%, 10%, 9%, 8%, 7%, 6%, 5%, 4%, 2%)

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 the Annuity Disclosure Statement for complete details. This product has an Interest Adjustment.^{****}

Waiver

- Nursing Home Confinement Waiver

Note: Waiver may not be available in all states and is issued to ages 75 and younger. Waiver is automatically added to contract at no cost.

Premium Bonus and Recapture Provision

For the Performance Choice 12 Plus, an 8% premium bonus will be credited to the Accumulation Value for premium received during the first five contract years. During the surrender charge period, withdrawals in excess of the penalty-free amount or a full surrender will incur a premium bonus recapture as outlined below. This is in addition to any applicable surrender charges and/or Interest Adjustments. The recapture schedule is based on the issue date and applies to all premium bonuses credited. Recapture schedule: Contract Years 1-12 (100%, 95%, 90%, 85%, 80%, 70%, 60%, 50%, 40%, 30%, 20%, 10%).

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, Premium Bonus Recapture (if applicable) 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.

*Products offering a Premium Bonus may result in a lower rate than products that don't offer a Premium Bonus. Premium Bonus may vary by annuity product and length of surrender charge period selected.

**Indices and strategies may not be available in all states.

***See the most current version of the Interest Rate Sheet (6745Z) for rate information.

****Please see page 7 for further details on the Interest Adjustment.

NORTH AMERICAN CHARTERSM SERIES

5% Premium Bonus* on 10-year product (for all premium received in the first seven contract years)

10% Premium Bonus* on 14-year product (for all premium received in the first seven contract years)

Interest Accounts

Annual reset Index Account options using Daily Average (DA), Monthly Point-to-Point (MPP) and Annual Point-to-Point (APP):

- Dow Jones Industrial AverageSM (DJIASM) (APP, DA)
- Russell 2000[®] Index (APP, DA)
- EURO STOXX 50[®] (APP)
- S&P MidCap 400[®] (APP, DA)
- S&P 500[®] (APP, DA, MPP)
- Nasdaq-100[®] (APP, MPP)**
- Hindsight Index Strategy[®]** (combination of S&P 500[®], EURO STOXX 50[®] and Russell 2000[®]) (APP)

Fixed Account Option

The Fixed Account Rate is guaranteed for the entire contract year and renews annually thereafter. This rate will never fall below the minimum guaranteed interest rate of 1%.***

Index Cap Rate

The Annual Point-to-Point guaranteed minimum Index Cap Rate is 2%. The Monthly Point-to-Point minimum Index Cap Rate is 1%. This rate does not apply to the Fixed Account or the Daily Average Crediting Method.

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified (\$50/mo. TSA—Salary Reduction Required)

Issue Ages

- 0-85 for the 7-Year product,
- 0-79 for the 10-Year product, or
- 0-75 for the 14-Year product

Note: Issue ages apply to both Qualified and Non-qualified premium and may vary by state.

Penalty-Free Withdrawals

Up to 10% of the Accumulation Value, once each year, after the first contract anniversary. Withdrawals prior to age 59½ may be subject to IRS penalties.

Surrender Charges (choice of 3 options)

- 14 Years: (18%, 18%, 17%, 15%, 15%, 15%, 15%, 14%, 12%, 10%, 8%, 6%, 4%, 2%)
- 10 Years: (15%, 14%, 13%, 12%, 11%, 10%, 8%, 6%, 4%, 2%)
- 7 Years: (10%, 9%, 8%, 7%, 6%, 4%, 2%)

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 the Annuity Disclosure Statement for complete details. This product has an Interest Adjustment.****

Rider

- Nursing Home Confinement Rider

Note: Rider may not be available in all states and is issued to ages 75 and younger. Rider is automatically added to contract at no cost.

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.

*Products offering a Premium Bonus may result in a lower rate than products that don't offer a Premium Bonus. Premium Bonus may vary by annuity product and length of surrender charge period selected.

**Indices and strategies may not be available in all states.

***See the most current version of the Interest Rate Sheet (6745Z) for rate information.

****Please see page 7 for further details on the Interest Adjustment.

NORTH AMERICAN PRECISIONSM SERIES

5% Premium Bonus* on 10-year product (for all premium received in the first seven contract years)

10% Premium Bonus* on 14-year product (for all premium received in the first seven contract years)

Interest Accounts

Annual reset Index Account options using Daily Average (DA), Monthly Point-to-Point (MPP) and Annual Point-to-Point (APP):

- Dow Jones Industrial AverageSM (DJIASM) (APP, DA)
- Russell 2000[®] Index (APP, DA)
- EURO STOXX 50[®] (APP)
- S&P MidCap 400[®] (APP, DA)
- S&P 500[®] (APP, DA, MPP)
- Nasdaq-100[®] (APP, MPP)**
- Hindsight Index Strategy^{®**} (combination of S&P 500[®], Dow Jones, EURO STOXX 50[®] and Russell 2000[®]) (APP)

Fixed Account Option

The Fixed Account Rate is guaranteed for the entire contract year and renews annually thereafter. This rate will never fall below the minimum guaranteed interest rate of 1%.***

Index Cap Rate

The Annual Point-to-Point guaranteed minimum Index Cap Rate is 2%. The Monthly Point-to-Point minimum Index Cap Rate is 1%. The Index Cap Rate is applied after the Participation Rate for the Annual Point-to-Point Crediting Method. This rate does not apply to the Fixed Account or the Daily Average Crediting Method.

Participation Rate (Not applicable on Fixed Account or MPP)

The guaranteed minimum Participation Rate is 10% for Daily Average and 15% for Annual Point-to-Point and Hindsight Index Strategy.

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified (\$50/mo. TSA—Salary Reduction Required)

Penalty-Free Withdrawals

Up to 10% of the Accumulation Value, once each year, after the first contract anniversary. Withdrawals prior to age 59½ may be subject to IRS penalties.

Issue Ages (Qualified and Non-qualified)

- 0-85 for the 7-Year product,
- 0-79 for the 10-Year product, or
- 0-75 for the 14-Year product

Note: Issue ages apply to both Qualified and Non-qualified premium and may vary by state.

Surrender Charges (choice of 3 options)

- 14 Years: (18%, 18%, 17%, 15%, 15%, 15%, 15%, 14%, 12%, 10%, 8%, 6%, 4%, 2%)
- 10 Years: (15%, 14%, 13%, 12%, 11%, 10%, 8%, 6%, 4%, 2%)
- 7 Years: (10%, 9%, 8%, 7%, 6%, 4%, 2%)

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 the Annuity Disclosure Statement for complete details. This product has an Interest Adjustment.****

Rider

- Nursing Home Confinement Rider

Note: Rider may not be available in all states and is issued to ages 75 and younger. Rider is automatically added to contract at no cost.

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.

*Products offering a Premium Bonus may result in a lower rate than products that don't offer a Premium Bonus. Premium Bonus may vary by annuity product and length of surrender charge period selected.

**Indices and strategies may not be available in all states.

***See the most current version of the Interest Rate Sheet (6745Z) for rate information.

****Please see page 7 for further details on the Interest Adjustment.

NORTH AMERICAN FREEDOM CHOICE® SERIES

Premium Banding on rates (Low Band: \$249,999 premium or less. High Band: \$250,000 premium or greater.)

Interest Accounts

Annual reset Index Account options using Monthly Point-to-Point (MPP) and Annual Point-to-Point (APP):

- Dow Jones Industrial AverageSM (DJIASM) (APP)
- Russell 2000® Index (APP)
- EURO STOXX 50® (APP)
- S&P MidCap 400® (APP)
- S&P 500® (APP, MPP)
- Nasdaq-100® (APP, MPP)*

Fixed Account Option

The Fixed Account Rate is guaranteed for the entire contract year and renews annually thereafter. This rate will never fall below the minimum guaranteed interest rate of 1%.**

Index Cap Rate

The Annual Point-to-Point guaranteed minimum Index Cap Rate is 2%. The Monthly Point-to-Point minimum Index Cap Rate is 1%. This rate does not apply to the Fixed Account.

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified (\$50/mo. TSA—Salary Reduction Required)

Issue Ages

- 0-85 for the 6-Year and 8-Year products,
- 0-79 for the 10-Year product, or
- 0-75 for the 14-Year product

Note: Issue ages apply to both Qualified and Non-qualified premium and may vary by state.

Penalty-Free Withdrawals

Your clients will have the option of selecting either a 5% or 10% penalty-free withdrawal option. The option selected will determine the percentage of your clients' Accumulation Value that may be withdrawn each contract year after their first contract anniversary. Withdrawals, prior to age 59½ may be subject to IRS penalties.

Note: On the 10% withdrawal option only, withdrawals can be taken out on a systematic basis.

Surrender Charges (choice of 4 options)

- 14 Years: (9%, 9%, 9%, 9%, 8%, 8%, 7%, 7%, 6%, 6%, 5%, 4%, 3%, 2%)
- 10 Years: (9%, 9%, 8%, 7%, 6%, 5%, 4%, 3%, 2%, 1%)
- 8 Years: (9%, 9%, 8%, 7%, 6%, 5%, 4%, 2%)
- 6 Years: (9%, 9%, 8%, 6%, 4%, 2%)

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 the Annuity Disclosure Statement for complete details. This product has an Interest Adjustment.***

Waiver

- Nursing Home Confinement Waiver

Note: Waiver may not be available in all states and is issued to ages 75 and younger. Waiver is automatically added to contract at no cost.

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.

*Indices and strategies may not be available in all states.

**See the most current version of the Interest Rate Sheet (6745Z) for rate information.

***Please see page 7 for further details on the Interest Adjustment.

NORTH AMERICAN PRIZM PLUS®

5% Premium Bonus* on 10-year product (for all premium received in the first seven contract years)

10% Premium Bonus* on 14-year product (for all premium received in the first seven contract years)

Index Account Options

Annual reset Index Account options using Monthly Average (MA), Monthly Point-to-Point (MPP) and Annual Point-to-Point (APP):

- Dow Jones Industrial AverageSM (DJIASM) (APP, MA)
- Russell 2000® Index (APP, MA)
- EURO STOXX 50® (APP)
- S&P MidCap 400® (APP, MA)
- S&P 500® (APP, MA, MPP)
- Nasdaq-100® (APP, MPP)**

Fixed Account Option

The Fixed Account Rate is guaranteed for the entire contract year and renews annually thereafter. This rate will never fall below the minimum guaranteed interest rate of 1%.***

Participation Rate

The Participation Rate is guaranteed for the first year, but can change each subsequent year. The Participation Rate is set in advance, never to be less than 10%. The Participation Rate does not apply to the Monthly Point-to-Point Index Option and the Fixed Account.

Index Cap Rate (Monthly Point-to-Point Only)

The Index Cap Rate is declared on each contract anniversary, based upon current economic conditions, and is guaranteed for the next contract year. At no time will the rate ever fall below the guaranteed 1% monthly Index Cap Rate.

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified (\$50/mo. TSA—Salary Reduction Required)

Issue Ages (Qualified and Non-qualified)

- 0-85 for the 7-Year product,
- 0-79 for the 10-Year product, or
- 0-75 for the 14-Year product

Note: Issue ages apply to both Qualified and Non-qualified premium and may vary by state.

Penalty-Free Withdrawals

Up to 10% of the Accumulation Value, once each year, after the first contract anniversary. Withdrawals prior to age 59½ may be subject to IRS penalties.

Surrender Charges (choice of 3 options)

- 14 Years: (18%, 18%, 17%, 15%, 15%, 15%, 15%, 14%, 12%, 10%, 8%, 6%, 4%, 2%)
- 10 Years: (14%, 13%, 12%, 11%, 10%, 9%, 8%, 6%, 4%, 3%)
- 7 Years: (9%, 9%, 8%, 7%, 6%, 4%, 2%)

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 the Annuity Disclosure Statement for complete details. This product has an Interest Adjustment.****

Waiver

- Nursing Home Confinement Waiver

Note: Waiver may not be available in all states and is issued to ages 75 and younger. Waiver is automatically added to contract at no cost.

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.

*Products offering a Premium Bonus may result in a lower rate than products that don't offer a Premium Bonus. Premium Bonus may vary by annuity product and length of surrender charge period selected.

**Indices and strategies may not be available in all states.

***See the most current version of the Interest Rate Sheet (6745Z) for rate information.

****Please see page 7 for further details on the Interest Adjustment.

FORMULA CHOICE®

Interest Accounts

Annual reset Index Account options using Monthly Point-to-Point (MPP) and Annual Point-to-Point (APP):

- Dow Jones Industrial AverageSM (DJIASM) (APP)
- Russell 2000^o Index (APP)
- EURO STOXX 50^o (APP)
- S&P MidCap 400^o (APP)
- S&P 500^o (APP, MPP)
- Nasdaq-100^o (APP, MPP)

Fixed Account Option

The Fixed Account Rate is guaranteed for the entire contract year and renews annually thereafter. This rate will never fall below the minimum guaranteed interest rate of 1%.**

Index Cap Rate (Not applicable on Fixed Account)

Annual Point-to-Point minimum Index Cap Rates are 2%. Monthly Point-to-Point minimum Index Cap Rate is 1%.

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified (\$50/mo. TSA—Salary Reduction Required)

Issue Ages (Qualified and Non-qualified)

- 0-85

Note: Issue ages may vary by state.

Penalty-Free Withdrawals

Up to 10% of the Accumulation Value, once each year, after the first contract anniversary. Withdrawals prior to age 59½ may be subject to IRS penalties.

Surrender Charges

- 5 Years: 9%, 8%, 6%, 4%, 2%

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 the Annuity Disclosure Statement for complete details. This product has an Interest Adjustment.***

Riders

- Nursing Home Confinement Rider

Note: Rider may not be available in all states and is issued to ages 75 and younger. Rider is automatically added to contract at no cost.

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.

**See the most current version of the Interest Rate Sheet (6745Z) for rate information.

***Please see page 7 for further details on the Interest Adjustment.

NORTH AMERICAN PILLAR®

5% Premium Bonus* (for all premium received in the first five contract years)

Index Account Options

Annual reset Index Account options available with the Daily Average, Monthly Point-to-Point and Annual Point-to-Point Index Accounts:

- Dow Jones Industrial AverageSM (DJIASM) (APP, DA)
- Russell 2000® Index (APP, DA)
- EURO STOXX 50® (APP)
- S&P MidCap 400® (APP, DA)
- S&P 500® (APP, DA, MPP)
- Nasdaq-100® (APP, MPP)**
- Hindsight Index Strategy^{***} (combination of S&P 500®, EURO STOXX 50® and Russell 2000®) (APP)

Fixed Account Option

The Fixed Account Rate is guaranteed for the entire contract year and renews annually thereafter. This rate will never fall below the minimum guaranteed interest rate of 1%.***

Index Cap Rate

The Annual guaranteed minimum Index Cap Rate is 2% for the Annual Point-to-Point Index Accounts. The Monthly Point-to-Point minimum Index Cap Rate is 1%. This rate does not apply to the Fixed Account or Daily Average Account.

Participation Rate

The guaranteed minimum Participation Rate is 10% for the Daily Average Index Account. The Participation Rate does not apply to the Annual Point-to-Point, Monthly Point-to-Point or Fixed Account.

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified (\$50/mo. TSA—Salary Reduction Required)

Issue Ages (Qualified and Non-qualified)

- 0-79

Note: Issue ages may vary by state.

Penalty-Free Withdrawals

Up to 10% of the Accumulation Value, once each year, after the first contract year. Withdrawals prior to age 59½ may be subject to IRS penalties.

Surrender Charges

- 10 Years: 9%, 8.5%, 8%, 7%, 6%, 5%, 4%, 3%, 2%, 1%

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 the Annuity Disclosure Statement for complete details. This product has an interest Adjustment.****

Waiver

- Nursing Home Confinement Waiver
- Terminal Illness Rider

Note: Rider may not be available in all states and is issued to ages 75 and younger. Rider is automatically added to contract at no cost.

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.

*Products offering a Premium Bonus may result in a lower rate than products that don't offer a Premium Bonus. Premium Bonus may vary by annuity product and length of surrender charge period selected.

**Indices and strategies may not be available in all states.

***See the most current version of the Interest Rate Sheet (6745Z) for rate information.

****Please see page 7 for further details on the Interest Adjustment.

THE BOOMER ANNUITY®

5% Premium Bonus* (for all premium received in the first five contract years)

Interest Accounts

Fixed Account – The Fixed Account Rate is guaranteed for the entire contract year and will renew annually thereafter. This rate will never fall below the Minimum Guaranteed Interest Rate of 1%.**

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified (\$50/mo. TSA—Salary Reduction Required)

Issue Ages (Qualified and Non-qualified)

- 0-80

Note: Issue ages may vary by state.

Penalty-Free Withdrawals

Up to 5% of the Accumulation Value, once each year, after the first contract anniversary. Withdrawals prior to age 59½ may be subject to IRS penalties.

Surrender Charges

- 10 Years: 15%, 14%, 13%, 12%, 11%, 10%, 8%, 6%, 4%, 2%

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 the Annuity Disclosure Statement for complete details. This product has an interest Adjustment.***

Rider

- Nursing Home Confinement Rider

Note: Rider may not be available in all states and is issued to ages 75 and younger. Rider is automatically added to contract at no cost.

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.

*Products offering a Premium Bonus may result in a lower rate than products that don't offer a Premium Bonus. Premium Bonus may vary by annuity product and length of surrender charge period selected.

**See the most current version of the Interest Rate Sheet (6745Z) for rate information.

***Please see page 7 for further details on the Interest Adjustment.

NORTH AMERICAN DIRECTORSM

Description

Multi-year guaranteed interest annuity offering an interest rate bonus on all premiums received during the first year.

Minimum Guaranteed Interest Rate

Minimum guaranteed interest rate is 1%.

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified (\$50/mo. TSA—Salary Reduction Required)

Issue Ages (Qualified and Non-qualified)

- 0-85

Note: Issue ages may vary by state.

Penalty-Free Withdrawals

Up to 10% of Accumulation Value each year, after the first contract anniversary (interest withdrawals are available 30 days after issue by current Company practice). Withdrawals prior to age 59½ may be subject to IRS penalties.

Surrender Charges

- 9 Years: 12%, 11%, 10%, 9%, 8%, 7%, 6%, 4%, 2%

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 the Annuity Disclosure Statement for complete details. This product has an Interest Adjustment. *

Riders

- Nursing Home Confinement Rider
- Terminal Illness Rider
- Unemployment Rider

Riders may not be available in all states. Riders are automatically added to contract at no cost. Nursing Home and Terminal Illness Riders are issued to ages 75 and younger. Unemployment Rider is issued to ages 65 and younger.

*Please see page 7 for further details on the Interest Adjustment.

NA FLEX SERIES (NA FLEX I[®], NA FLEX II[®], NA FLEX III[®])

5% Premium Bonus* on NA Flex II (for all premium received in the first five contract years)

10% Premium Bonus* on NA Flex III (for all premium received in the first five contract years)

Description

Flexible premium fixed annuity offering a one-year guaranteed interest rate on initial premium.

Minimum Guaranteed Interest Rate**

Minimum guaranteed interest rate is 1%

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified (\$50/mo. TSA—Salary Reduction Required)

Issue Ages (Qualified and Non-qualified)

- Flex I – 0-85
- Flex II – 0-79
- Flex III – 0-75

Note: Issue ages may vary by state.

Penalty-Free Withdrawals

Up to 10% of Accumulation Value each year, after the first contract anniversary (interest withdrawals are available 30 days after issue by current Company practice). Withdrawals prior to age 59½ may be subject to IRS penalties.

Surrender Charges

- NA Flex I - 7 Years: 9%, 9%, 8%, 7%, 6%, 4%, 2%
- NA Flex II - 10 Years: 15%, 14%, 13%, 12%, 11%, 10%, 8%, 6%, 4%, 2%
- NA Flex III - 14 Years: 18%, 18%, 17%, 15%, 15%, 15%, 15%, 14%, 12%, 10, 8%, 6%, 4%, 2%

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 the Annuity Disclosure Statement for complete details. This product has an interest Adjustment.***

Riders

- Nursing Home Confinement Waiver

Note: Rider may not be available in all states and is issued to ages 75 and younger. Rider is automatically added to contract at no cost.

Return of Premium

Receive back no less than the Net Premium upon surrender of the contract. Net Premium is equal to the initial premium, plus subsequent premiums (excludes any Premium Bonus if applicable), minus partial surrenders (after any surrender charges or interest adjustment).

*Products offering a Premium Bonus may result in a lower rate than products that don't offer a Premium Bonus. Premium Bonus may vary by annuity product and length of surrender charge period selected. North American products and appropriate state variations are issued by North American Company for Life and Health Insurance, West Des Moines, IA.

**See the most current version of the Interest Rate Sheet (6745Z) for rate information.

***Please see page 7 for further details on the Interest Adjustment

NORTH AMERICAN GUARANTEE CHOICESM

Description

Single premium, multi-year guaranteed interest annuity offering different guarantee periods and premium banding on rates. High band rates for premium of \$200,000 or greater and low band rates for premium of \$199,999 or less.

Minimum Guaranteed Interest Rate

Minimum guaranteed interest rate is 1%.

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified

Issue Ages (Qualified and Non-qualified)

- 0-90

Note: Issue ages may vary by state.

Penalty-Free Withdrawals

Current year's interest withdrawals available each year after the first contract anniversary. By current Company practice, can begin as early as 30 days after annuity is issued. Withdrawals prior to age 59½ may be subject to IRS penalties.

Surrender Charges

- 3 Years: 10%, 10%, 10%
- 4 Years: 10%, 10%, 10%, 10%
- 5 Years: 10%, 10%, 10%, 10%, 10%
- 6 Years: 10%, 10%, 10%, 10%, 10%, 9%
- 7 Years: 10%, 10%, 10%, 10%, 10%, 9%, 8%
- 8 Years: 10%, 10%, 10%, 10%, 10%, 9%, 8%, 6%
- 9 Years: 10%, 10%, 10%, 10%, 10%, 9%, 8%, 6%, 4%
- 10 Years: 10%, 10%, 10%, 10%, 10%, 9%, 8%, 6%, 4%, 2%

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 the Annuity Disclosure Statement for complete details. Refer to the rate sheet for available surrender charge options. This product has an Interest Adjustment.*

Waiver

- Nursing Home Confinement Waiver

Note: Waiver may not be available in all states and is issued to ages 75 and younger. Waiver is automatically added to contract at no cost.

Minimum Guaranteed Cash Value (MGCV)

The MGCV of this annuity equals 100% of premium, less any withdrawals before any surrender charges or Interest Adjustment, accumulated at the MGCV Interest Rate per year, less any applicable surrender charges.

*Please see page 7 for further details on the Interest Adjustment.

NORTH AMERICAN INCOME®

Description

Single premium immediate annuity that protects premium while providing a competitive income in order to maximize benefits and achieve retirement goals.

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified

Issue Ages (Qualified and Non-qualified)

- 0-85 All options
- 0-95 Period Certain

Note: Issue ages may vary by state.

Settlement Options

Available payouts:

- 5-20 Year Certain
- Life Only
- Life with Period Certain
- Joint Life
- Joint Life with Period Certain
- Installment Refund
- Cash Refund

Note: Payouts not to exceed 100 years of age.

Surrender Charges

Not applicable

CASH MANAGEMENT ANNUITY

Description

A traditional fixed annuity that offers the security of a minimum guaranteed rate as well as the power of tax deferral.

Minimum Premium

- \$10,000 Non-qualified
- \$2,000 Qualified (\$50/mo. TSA—Salary Reduction Required)

Issue Ages (Qualified and Non-qualified)

- 0-90

Note: Issue ages may vary by state.

Interest Rate

Minimum of 2.00% annual interest for the first 10 years and 3.00% thereafter, compounded and credited daily.*

Note: Some states require the minimum guaranteed interest rate to be at least 2% for each year. Under current tax law, annuities grow tax-deferred. An annuity is not required for tax-deferral in qualified plans.

Penalty-Free Withdrawals

100% liquidity. Withdrawals prior to age 59½ may be subject to IRS penalties.

Surrender Charges

Not applicable

Rider

Not applicable

*See the most current version of the Interest Rate Sheet (6745Z) for rate information.

**NORTH AMERICAN COMPANY FOR LIFE AND HEALTH INSURANCE
ANNUITY SERVICE CENTER INFORMATION**

General Information

Main Address

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Commission Accounting**

Phone: 866-322-7068

Fax: 866-322-7072

New Business

Phone: 866-322-7067

Fax: 866-322-7073

Customer Service

Phone: 866-322-7069

Fax: 866-322-7071

PORTRAIT OF FINANCIAL STABILITY

A.M. Best	A+ (Superior) [°]	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) [§]	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 affirmed on May 26, 2011. For the latest rating, access 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 awarded its rating on February 26, 2009 and affirmed on April 6, 2011.

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