

Life Insurance Company of the Southwest

# SecurePlus Premier 10

LSW's Single Premium Indexed and  
Declared Interest Deferred Annuity



# Saving for the Road Ahead

## SecurePlus Premier 10 – The Right Path

Today, as more and more people steer towards retirement, choosing the right financial road to rest and relaxation can be a bumpy one. Choosing the right path and savings solutions are key to getting where you want to be, when you want to be there. Fortunately, Life Insurance Company of the Southwest (LSW) has created an excellent solution to help get individuals on the right road to retirement.

*SecurePlus Premier 10* is a single premium deferred fixed indexed annuity specifically targeted to the saver with a long-term horizon. In addition to earned interest, *SecurePlus Premier 10* offers a 10% bonus accumulation value (BAV) that transfers to the accumulation value during policy years six through 10. It is ideal for the person who is heading toward retirement and who values low-risk savings choices, like annuities that provide guarantees<sup>1</sup> of premium paid and of interest credited. Once interest is credited, it cannot be lost due to market conditions.

## Tax-Deferred Accumulation

*SecurePlus Premier 10* provides tax-deferred growth.<sup>2</sup> All amounts in your annuity grow income-tax-deferred until withdrawn. This tax-deferral feature has two primary benefits. First, interest compounds on amounts you would otherwise pay in taxes during the accumulation period. Second, you may be in a lower tax bracket when you receive taxable interest than you are today. You are liable for any tax on all withdrawals. If you make a withdrawal before age 59½, you may be subject to an IRS 10% penalty. (Neither LSW nor any of its agents or representatives give legal, tax, or accounting advice. Please consult your own tax advisor for tax advice.)

## Estate and Probate Advantages

An annuity not only provides you with tax-deferred savings for retirement, but with a death benefit as well. With the *SecurePlus Premier 10* annuity, it is possible for your named beneficiaries to avoid the expense, delay, and publicity of probate. They may decide to have the proceeds paid in a lump sum or spread over several years.

## Benefits and Features

### Bonus Accumulation Value

*SecurePlus Premier 10* offers a 10% bonus accumulation value (BAV). The BAV will increase the value of your annuity beginning in year six. If you keep your policy in force through year 10, the entire BAV will have been added to your policy's accumulation value. This is how it works – during the first 10 policy years, the bonus accumulation value is accounted for separately from your policy's accumulation value. Both the BAV and the accumulation value grow at the same rate of interest in all years. In policy years six through 10, the bonus accumulation value gradually transfers to your policy's accumulation value. At the end of policy year 10, the entire BAV will have been transferred to your policy's accumulation value.

End of Policy Year	6	7	8	9	10
% of remaining BAV transferred	10%	11.11%	25%	50%	100%

Once an amount is transferred, it becomes part of the accumulation value and is no longer part of the BAV. Please keep in mind that the BAV is not available to you until it is transferred to the accumulation value. All of the BAV will transfer into the accumulation value by the end of the 10th policy year. No annuitization is required to receive this benefit. Withdrawals in years one through 10 reduce the value of the BAV in proportion to the reduction in the accumulation value.

Because the death benefit is also an important feature of *SecurePlus Premier 10*, 100% of the BAV is included in the death benefit from the first day the policy is in force. If you should die while your policy is in force, the payout to your beneficiary will include all of the BAV even if it has not yet fully transferred.

## Interest Crediting

*SecurePlus Premier 10* also offers competitive rates and a 10-year withdrawal charge period. This annuity features six interest crediting strategies—a Declared Interest Account and five indexed crediting strategies that credit interest yearly on the Policy's anniversary based in part on the S&P 500 Index or the Russell 2000 index.<sup>3</sup> While the product bases its interest crediting rate on these market indices, you are not directly participating in stock or equity investments.

The two indices measure the performance of different types of equities:

### 1. Standard & Poor's 500® (S&P 500®)

This index is regarded as the standard for broad stock market performance. It is used to measure the average stock price changes of the 500 most widely held companies representing more than 100 industry groups.

### 2. Russell 2000®

This index is used to measure the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 includes the smallest 2,000 securities in the Russell 3000, a broad based index that represents about 98% of the value of the investments in the U.S. equity market.

## Six Interest Accounts

*SecurePlus Premier 10* offers six interest crediting accounts to which you can allocate your premium. You can choose among a Declared Interest Account, which credits interest daily based on a rate declared each policy year in advance, and five indexed interest accounts. The indexed interest accounts credit interest annually based on a formula that uses the performance of a market index, subject to a minimum (Floor) and maximum (Cap).

1. Declared Interest Account
2. S&P 500 Index, Ending Index Rate Option 1 — Index Rate with a Cap
3. S&P 500 Index, Ending Index Rate Option 2 — Higher Index Rate and lower Cap
4. S&P 500 Index, Average Index — Index Rate without a Cap
5. Russell 2000 Index, Ending Index Rate Option 1 — Index Rate with a Cap
6. Russell 2000 Index, Ending Index Rate Option 2 — Higher Index Rate and lower Cap

To determine indexed interest credited to each Indexed Interest Account, we calculate an Annual Percentage Change at the end of the Policy Year. The interest rate credited to each Indexed Interest Account is the Index Rate (sometimes called a participation rate), multiplied by the Annual Percentage Change. The credited interest rate will never be lower than the 0% Floor (never less than 0%) or higher than the Cap.

Table 1 shows the result of applying the indexed interest formula(s) in various hypothetical situations:

Year	Index Rate	Annual Percentage Change	Multiplied Result	Cap	Floor	Interest Credited
1	70.00%	10.00%	7.00%	6.80%	0.00%	6.80%
2	70.00%	7.50%	5.25%	6.00%	0.00%	5.25%
3	50.00%	-12.00%	-6.00%	7.00%	0.00%	0.00%
4	60.00%	17.00%	10.20%	6.00%	0.00%	6.00%
5	70.00%	8.00%	5.60%	5.50%	0.00%	5.50%
6	65.00%	-10.00%	-6.50%	5.50%	0.00%	0.00%
7	65.00%	15.00%	9.75%	6.00%	0.00%	6.00%
8	70.00%	8.00%	5.60%	6.00%	0.00%	5.60%
9	70.00%	-2.00%	-1.40%	6.00%	0.00%	0.00%
10	75.00%	7.00%	5.25%	5.50%	0.00%	5.25%

Here is how the values for Policy Year 1 are determined:

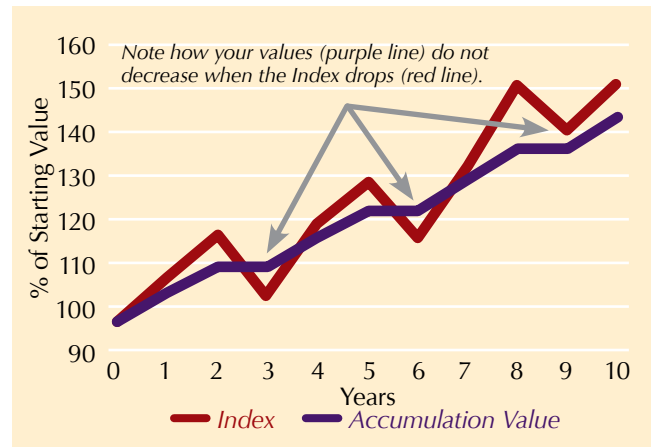
**Step 1:** Multiply the Index Rate (which had been declared at the beginning of the Policy Year) by the Annual Percentage Change

$$70\% \times 10\% = 7.00\%$$

**Step 2:** Compare this to the Cap of 6.80% (which also had been declared at the beginning of the Policy Year) and a Floor of 0.00%. The Cap is smaller, since 7.00% is greater than the Cap of 6.80%

**Step 3:** The interest rate of 6.8% (as determined in Step 2) is credited to your accumulation value.

The following is a chart depicting the results of Table 1:



Withdrawal charges may apply for the first 10 years and are not reflected above.

### Reallocation Option

You also have the option once each year to transfer your money among the interest accounts available. With written notice at least 15 days before your policy anniversary, you can reallocate your funds to suit your current circumstances.

The Index Rate and Cap for each Indexed Interest Account are set and guaranteed by LSW annually, in advance, at the beginning of each Policy Year. The Floor is always 0%. All increases in your Indexed Interest Accounts are locked in every year; you can never lose interest previously credited<sup>4</sup> (assuming no withdrawals).

*SecurePlus Premier 10* gives you the potential to receive higher interest than might be the case with traditional fixed-rate annuities, but without subjecting your retirement savings to market risk.

### Free Withdrawals:

Up to 10% of the Accumulation Value each year after the first year.

### Maximum Single Premium<sup>5</sup>

Issue Age 0-75	Issue Age 76-80
\$500,000	\$250,000

### Maximum Owner/Annuitant Age:

0-80 (actual age)

## Withdrawal Charges

Year	1	2	3	4	5	6	7	8	9	10	11+
Charge as % of Accum. Value	12	12	11	10	9	8	7	6	5	3	0

Withdrawal Charges in AK, AL, CA, DE, IL, MN and UT are different. Please ask your agent or refer to your policy for the withdrawal charge schedule in your state.

## Accessing Your Annuity Value Through Withdrawals/Payment Options<sup>6</sup>

In the first policy year, no free withdrawals are available. Beginning in the second policy year and in each policy year thereafter, you may withdraw up to 10 percent of your accumulation value once a year with no withdrawal charge (Free Withdrawal Amount). There are no withdrawal charges after the 10th policy year. All withdrawals are subject to strict IRS rules and LSW guidelines. Any withdrawals during the first 10 policy years will decrease both the accumulation value and the bonus accumulation value. The amount available for withdrawal does not include BAV amounts that have not yet transferred to your accumulation value.

### Payment Options

*SecurePlus Premier 10* provides several options for receiving annuity payments at any time, but not later than the annuity date. You can choose from:

### Installment Income Options

1. Income for a Selected Term – you will receive equal periodic payments for the number of years selected.
2. Income of Selected Amount – you receive equal periodic payments of an amount you've chosen.

## Life Income Options

1. Payments for Life Only – Payments are made until the annuitant dies.
2. Payments for Life with 30 Months Guaranteed – payments are made for 30 months, and continue for as long as the annuitant is alive.
3. Payments for Life with 60 Months Guaranteed - payments are made for 60 months, and continue for as long as the annuitant is alive.
4. Payments for Life with 120 Months Guaranteed - payments are made for 120 months, and continue for as long as the annuitant is alive.

### Joint and Survivor Life Income Option

Payments are made during the joint lifetime of two people and the remaining lifetime of the survivor.

## Special Enhanced Life Income (SELI) Option

SELI not available in CA, CT, FL and TN.

*SecurePlus Premier 10* offers the Owner the ability to use part or all of the accumulation value to provide an income. The SELI provisions allow the Owner to do so with guarantees of higher income than would otherwise be available if specified circumstances exist. Those circumstances are that the Annuitant is proven to be unable to perform at least two of six Activities of Daily Living without substantial assistance from another individual, and that his or her need for this assistance is expected to be permanent as a result of the loss of functional capacity.

Please see your policy for details on each of these options, and talk with your agent about the best option for your circumstances.

*SecurePlus Premier 10* is LSW Policy Form No. 7990.

## Integrity You Can Retire On:

LSW, a member of the National Life Group, is a trusted leader in traditional fixed and indexed annuities. It was one of the first companies in the industry to develop an indexed annuity in 1996, and unlike many companies, it continues to publish its credited rate history. Our products and rates are designed with the most efficient crediting strategies.

**For more information about *SecurePlus Premier 10*, please carefully read the Summary/Application and talk with your agent or adviser.**

- 1 Guarantees are based on the claims paying ability of the Issuing Company.
- 2 Annuities owned by trusts or corporate entities do not generally enjoy the tax deferral feature.
- 3 "Standard & Poor's®", "S&P®", "S&P 500®", "Standard & Poor's 500", and "500" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by Life Insurance Company of the Southwest. The product is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of purchasing the product. The Russell 2000® Index is a trademark of the Russell Investment Group and has been licensed for use by Life Insurance Company of the Southwest. This product is not sponsored, endorsed, sold or promoted by the Russell Investment Group and Russell Investment Group makes no representation regarding the advisability of purchasing the Product.
- 4 Withdrawals in the first Policy Year or withdrawals exceeding 10% of the Accumulation Value in Policy Years two through ten will incur a Withdrawal Charge.
- 5 Cumulative Premium on any one life without prior company approval.
- 6 Benefits at annuitization could be reduced if a misstatement of age or sex has occurred.

Note: There are special rules for annuities owned by trusts, corporate entities, or qualified plans.

## Life Insurance Company of the Southwest

LSW Home Office: 1300 West Mockingbird Lane, Dallas, Texas 75247 / Telephone: 800-579-2878 / [www.lifeofswsouthwest.com](http://www.lifeofswsouthwest.com)

National Life Home Office: One National Life Drive / Montpelier, Vermont 05604 / Telephone: 800-277-9929 / [www.nationallife.com](http://www.nationallife.com)



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