ANNUITY PRODUCTS



Annuity Product Management: Modifications

Recently we announced a change in commission chargeback at death during the first two policy years. Our intention with this policy was to align our chargeback rules for surrender with a new policy of chargeback at death, that is, 100% for first year, 50% for second year. And it was always to align with what we believed to be standard policy. However, thanks to many of our core distributors and their agent's feedback, we recognize two years is beyond standard. Due to this constructive feedback, we will change the policy to be 100% during the first policy year only. We appreciate all of your feedback... and your appreciation in balancing all of our needs.

1. Minimum Cap rates within fixed indexed annuities are guaranteed contractual minimums that we could, if necessary, renew the policy at. They have a cost that is related to the current interest rate environment. These costs have increased recently, causing us to assess and change them. Keep in mind that minimum caps are not current caps and are not anticipated to be renewal caps. They are a mechanism that provides assurance to a policyholder, but at a cost. Given the balance of providing a competitive new business offering with assurance of minimum guarantees, we are making some modifications to all of our fixed indexed annuities. You'll note that we believe these align with most competitors' minimum guarantees.

The following changes will take effect with the February 8, 2015 buy date:

- The minimum cap rates for all of Fidelity & Guaranty Life's fixed indexed annuities will be:
 - One Year Monthly Point-to-Point, Minimum Cap Per Month 1%
 - One Year Annual Point-to-Point, Minimum Cap Per Year 1%
 - One Year Monthly Average, Minimum Cap Per Year 1%
 - Point-to-Point Fixed Declared Rate on Index Gain, Minimum Cap Per Year 1%
 - One Year Gold Commodity Annual Point-to-Point, Minimum Cap Per Year 1%
 - Two and Three Year Point-to-Point, Minimum Cap Per Period 2%

Transition Rules for the minimum cap rate change:

- Any policy issued on or before January 29, 2015 will have existing minimum cap rates
- Any policy issued on or after January 30, 2015 will have the new minimum cap rates
- 2. We've also received feedback on allowing illustration of joint annuitants with the Guaranteed Minimum Withdrawal Benefit (GMWB). We're happy to report that joint GMWB illustration is currently available in the software.
 - When entering the ages of the annuitants into the illustration system there's an entry place on the first page (Case Information page) and there's also an entry place on the second page (Quotes/Illustrations page) next to the Joint Annuitant.
 - In order for the Joint illustration to display accurately, the oldest age (of the two ages) must be entered into the first page and the youngest age is entered into the Joint Annuitant age on the second page.
 - We are working on an additional update to the software that will eliminate the placement of the annuitant issue ages.
- 3. We are changing our commission rules for chargeback at death:
 - We will begin charging back commission upon death at 100% in the first year of our contracts.

Transition Rules for the commission chargeback change:

- Any policy issued on or before February 13, 2015 will have the existing chargeback rule
- Any policy issued on or after February 14, 2015 will have the new chargeback rule

Form Numbers: ACI-1018(11-12), API-1018(11-12); et.al.

If you have any additional questions, please feel free to contact us at salesdesk@fglife.com











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