

Understanding Guaranteed Minimum Surrender Value

for fixed-indexed annuities from Great American Life

Fixed-indexed annuities from Great American Life® help provide financial security with protection from loss. Unless clients take money out of their contract, the account value (AV) will not go down. Additionally, fixed-indexed annuities offer a Guaranteed Minimum Surrender Value (GMSV) that is beneficial when a strategy earns 0% interest due to a flat or declining market. Clients will never receive less than the GMSV for surrenders, annuitizations and death benefit payments.

Here's how we calculate the AV, surrender value (SV) and GMSV:

100% of purchase payments	+	Interest credited at declared and/or indexed interest rate	-	Any withdrawals and early withdrawal charges	=	AV
				AV	-	Early withdrawal charge = SV
100% of purchase payments	+	Interest credited daily at a guaranteed minimum rate stated in the contract	-	Any withdrawals and early withdrawal charges	-	Early withdrawal charge rate multiplied by the AV = GMSV

Note: The amount payable upon surrender, applied upon annuitization, or payable as the death benefit is reduced by any loan balance, applicable rider charges and applicable premium taxes.

Hypothetical example

The following hypothetical example illustrates how we determine the amount payable upon surrender by comparing the GMSV and SV.

- Your client purchases a fixed-indexed annuity with a \$100,000 purchase payment, and allocates 100% of the purchase payment to the annual point-to-point indexed strategy.
- The indexed strategy earns zero interest in contract years one through four.
- Your client does not take any withdrawals during this period. No loans are outstanding and no rider charges or premium taxes apply.
- A 5% early withdrawal charge applies. The free withdrawal allowance is 10%.

Assuming a 1% guaranteed minimum rate, the annuity would have the following values at the start of contract year five:

\$100,000 purchase payment	+	\$0 indexed interest	-	\$0 withdrawals	=	\$100,000 AV
		\$100,000	-	\$4,500 early withdrawal charge (5% of \$90,000)	=	\$95,500 SV
\$100,000 purchase payment	+	\$4,060 interest (1% compounded annually)	-	\$0 withdrawals	-	\$5,000 (5% of \$100,000) = \$99,060 GMSV

If surrendered, client will receive greater of: **\$99,060 GMSV** OR \$95,500 SV

Not all products feature a GMSV that uses 100% of purchase payments. Refer to the Product Reference Guide for details. Products issued by Great American Life Insurance Company® member of Great American Insurance Group, Cincinnati OH. All guarantees subject to the claims-paying ability of issuing insurance company. Copyright © 2017 by Great American Insurance Company. All rights reserved.