

# Understanding The Impact Of Withdrawals

*with an Index Frontier variable-indexed annuity*

When your clients purchase an Index Frontier variable-indexed annuity, they will have access to a portion of their money each year without charges. However, it's important to keep in mind that withdrawals taken prior to the end of a one-year term will impact their indexed strategy values. The examples show what could happen if your clients decide to take a withdrawal in the middle of a term.

## What happens if my client takes a withdrawal when the index is rising?

The following example assumes:

- \$100,000 is allocated to a growth indexed strategy that offers a maximum gain of 12% for the term
- The client takes a penalty-free \$10,000 withdrawal in month seven, so gains are subject to a 50% vesting factor
- At the time of the withdrawal, the index is up 4%
- At the end of the term, the index is up 6%

### 1. Determine the vested gain

$$\begin{array}{ccc} \begin{array}{c} +4\% \\ \text{index change at} \\ \text{time of withdrawal} \end{array} & \times & \begin{array}{c} 50\% \\ \text{vesting factor} \end{array} & = & \begin{array}{c} 2\% \\ \text{vested gain} \end{array} \\ & & & & \\ & & & & \$100,000 \times 2\% = \$2,000 \text{ vested gain} \end{array}$$

### 2. Determine the strategy value reduction

$$\begin{array}{ccc} \begin{array}{c} \$10,000 \\ \text{withdrawal} \end{array} & / & \begin{array}{c} \$102,000 \\ \text{Starting investment} \\ \text{base + vested gain} \end{array} & = & \begin{array}{c} 9.80\% \\ \text{reduction} \end{array} \end{array}$$

### 3. Determine the investment base proportional reduction

$$\begin{array}{ccc} \begin{array}{c} \$100,000 \\ \text{starting} \\ \text{investment base} \end{array} & \times & \begin{array}{c} 9.80\% \\ \text{reduction} \end{array} & = & \begin{array}{c} \$9,800 \\ \text{investment} \\ \text{base reduction} \end{array} \end{array}$$

### 4. Determine the strategy value at the end of the term

$$\begin{array}{ccc} \begin{array}{c} \$90,200 \\ \text{investment base} \\ \text{after withdrawal} \end{array} & \times & \begin{array}{c} +6\% \\ \text{index change at} \\ \text{the end of the term} \end{array} & = & \begin{array}{c} \$95,612 \\ \text{ending} \\ \text{strategy value} \end{array} \end{array}$$

## What happens if my client takes a withdrawal when the index is falling?

The following example assumes:

- \$100,000 is allocated to a growth indexed strategy that offers a maximum loss of 10% for the term
- The client takes a penalty-free \$10,000 withdrawal in month seven, so losses are subject to a 100% vesting factor
- At the time of the withdrawal, the index is down 4%
- At the end of the term, the index is up 6%

### 1. Determine the vested loss

-4% index change	X	100% vesting factor	=	4% vested loss
$\$100,000 \times -4\% = \$4,000$ vested loss				

### 2. Determine the strategy value reduction

\$10,000 withdrawal	/	\$96,000 Starting investment base - vested loss	=	10.42% reduction
------------------------	---	---	---	---------------------

### 3. Determine the investment base proportional reduction

\$100,000 starting investment base	X	10.42% reduction	=	\$10,417 investment base reduction
--	---	---------------------	---	--

### 4. Determine the strategy value at the end of the term

\$89,583 investment base after withdrawal	X	+6% index change at the end of the term	=	\$94,958 ending strategy value
---	---	---	---	--------------------------------------

*Note: the vested gain at the end of the term is calculated using the reduced investment base. This means the vested gain is smaller than it would have been if your client had not taken a withdrawal. Likewise, if the index change had been negative at the end of the term, the vested loss at the end of the term would have been smaller. It is not possible to determine the full impact of a mid-term withdrawal until the end of the term.*



Please refer to the product overview for more details on vesting factors and vested gains and losses.

Great American's variable-indexed annuities can only be sold through a Broker/Dealer that is contracted with Great American Life Insurance Company. Any sales solicitation must be accompanied or preceded by a prospectus. To obtain a copy of the prospectus, please visit [GAIGannuities.com](http://GAIGannuities.com).

Principal Underwriter/Distributor: Great American Advisors, Inc., member FINRA and an affiliate of Great American Life Insurance Company. Products issued by Great American Life Insurance Company®, member of Great American Insurance Group (Cincinnati, Ohio) under contract forms P1822217NW and P1822317NW. Form numbers, product features and availability may vary by state.

Not FDIC or NCUSIF Insured	No Bank or Credit Union Guarantee	May Lose Value	Not Insured by any Federal Government Agency	Not a Deposit
----------------------------	-----------------------------------	----------------	--	---------------