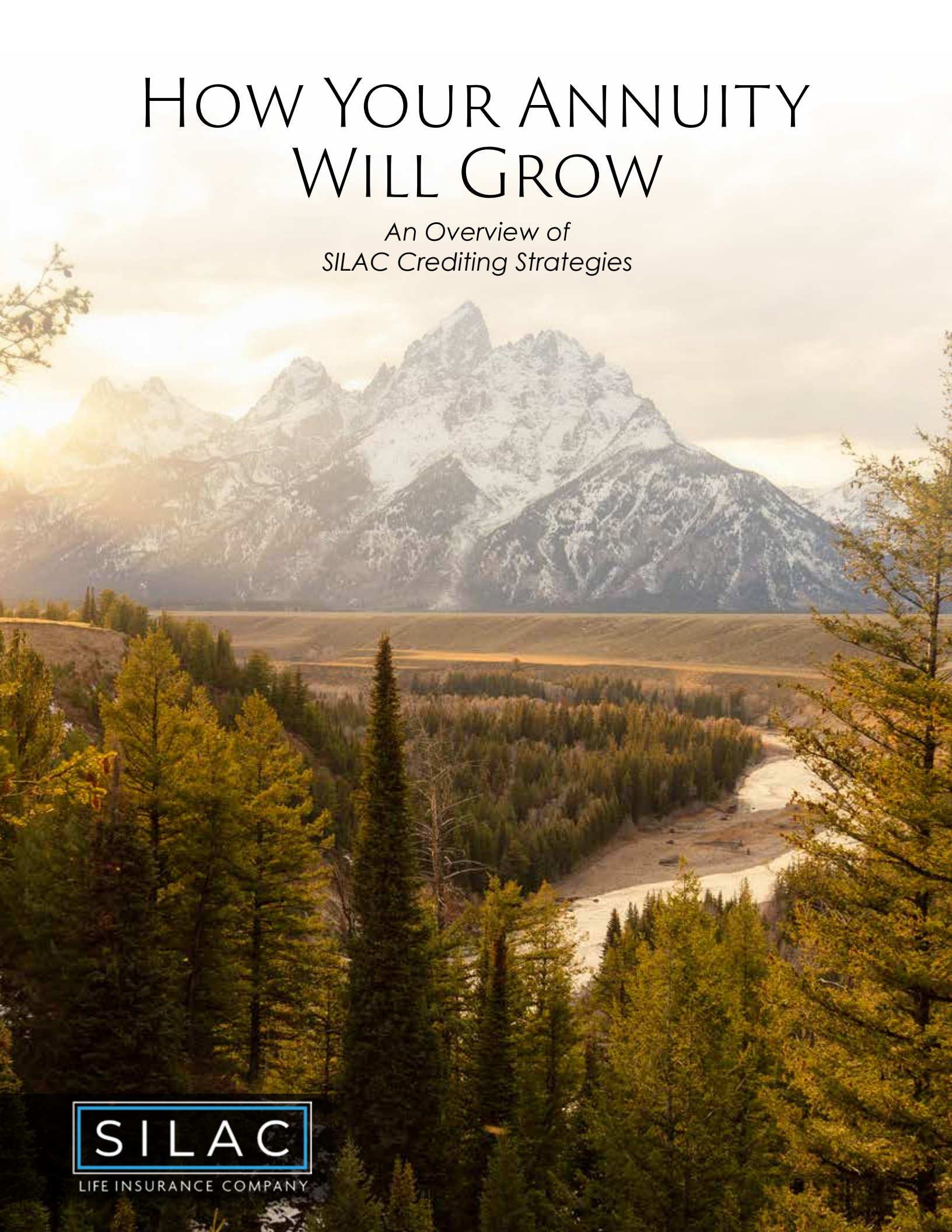
How Your Annuity Will Grow

An Overview of SILAC Crediting Strategies



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Fixed indexed annuities are designed to help you achieve your long-term goals for retirement savings, and also provide insurance against major financial risks, such as market losses and outliving your money.

SILAC FIAs offer fixed and indexed crediting strategies for you to choose from. The indexed crediting strategies are tied to one of two indexes:

1. **S&P 500®** - the industry-leading benchmark of the US equity market *or*
2. **Barclays Atlas 5** – a global portfolio of equities and bonds

While interest may be tied to the performance of the underlying index, you are never actually invested in the index itself.

S&P Global

Who is S&P?

Standard & Poor's (S&P) has provided credit ratings for over **150 years** and indices for over 120 years. It is the home to iconic financial market indicators like the S&P 500® and Dow Jones Industrial Average.

Its indices are relied upon to gauge the overall health of financial markets. More assets are invested in products based on S&P's indices than any other provider in the world.

BARCLAYS

Who is Barclays?

Barclays is a global consumer, corporate and investment bank offering financial expertise for over **325 years**. Barclays operates in over 40 countries and employs over 83,000 people.

Barclays is recognized as a global leader in Indices, both in breadth and depth of its offerings and in the volume of transactions that Barclays has executed with clients. Over 50 Professionals provide clients with dedicated trading, structuring and risk management expertise.

The Strength of the S&P 500®

What is the S&P 500?®

When investors say that the market is up for the year, they are typically referring to the S&P 500®. It is the benchmark of the US equity market. The S&P 500® Index was created in 1957 and was the first US stock market index based on market capitalization. Market capitalization is the total market value of the company's outstanding shares. The S&P 500® was the first index to have pension funds, consumer mutual funds, futures and options indexed to it. It includes 500 leading companies and captures approximately 80% of available market capitalization.

Today, there is over $9.9 Trillion (*Trillion with a 'T'*) benchmarked to the S&P 500®. Indexed assets account for approximately $3.4 Trillion of this total.

How Can a Company Be Included in the S&P 500?®

Only industry leaders make it to the S&P 500®. All companies must meet the following criteria:

- Must be a US company.
- Companies must have a market capitalization of at least $6.1 Billion.
- At least 50% of company shares must be available for trading.
- Companies must have positive earnings over the most recent quarter as well as over the last four quarters (if a company starts slipping, they are removed from the S&P 500®).
- Company stocks must be highly tradable for a reasonable price.

The S&P 500® is rebalanced **quarterly**, maintained **monthly** and is an actively managed index.

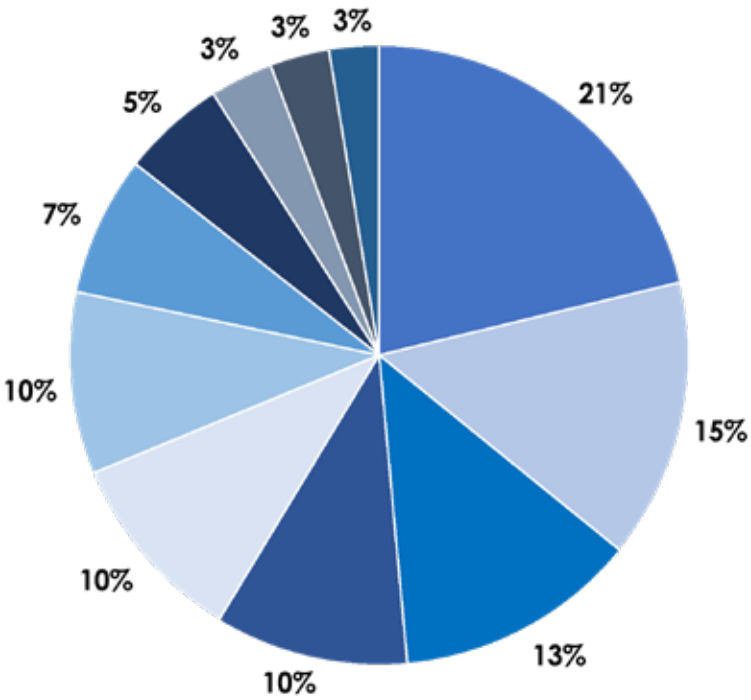
Is the S&P 500® Right for You?

The S&P 500® could be the right index for you if you'd ***like to know that your funds grew in value if "the market" went up.***

You like the familiarity of the US equity market and the S&P 500's® long, transparent history.

Current Makeup

Some of the top-weighted companies in the S&P 500® Index include: **Microsoft, Apple, Amazon, Facebook, Berkshire Hathaway, Johnson & Johnson, Alphabet, Exxon Mobil and JP Morgan Chase**.



S&P 500® Breakdown by Sector

- Information Technology
- Health Care
- Financials
- Consumer Discretionary
- Communication Services
- Industrials
- Consumer Staples
- Energy
- Utilities
- Real Estate
- Materials

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Power of Global Markets with Barclays Atlas 5

What is Barclays Atlas 5?

Different parts of the world experience economic growth and declines at different points in time. If Europe goes through a contraction, then European bonds may be more attractive than European equities. If Japan goes through a growth period, then Japan equities may be more attractive. *This is where Atlas comes in.* It is a global index of equities and bonds that allocates to different parts of the world based on current economic conditions for a given risk level.

Atlas was developed specifically for use with SILAC fixed indexed annuities.

Components:

Atlas is comprised of 6 *equity and 5 bond components*. The weighting of each component is based on historical factors and current trends. The components include:

EQUITIES**	S&P 500	NASDAQ 100	EUROZONE*	GERMANY*	JAPAN*	EMERGING MKTS
TREASURY FUTURES	US 10Y	US 5Y	GERMAN 10Y*	GERMAN 5Y*	JAPAN 10Y*	

**Non U.S. Dollars denominated assets have their profits and losses converted to U.S. Dollars on a daily basis.*
***Equities index components, other than the Emerging Markets ETF, consist of equity futures indices.*

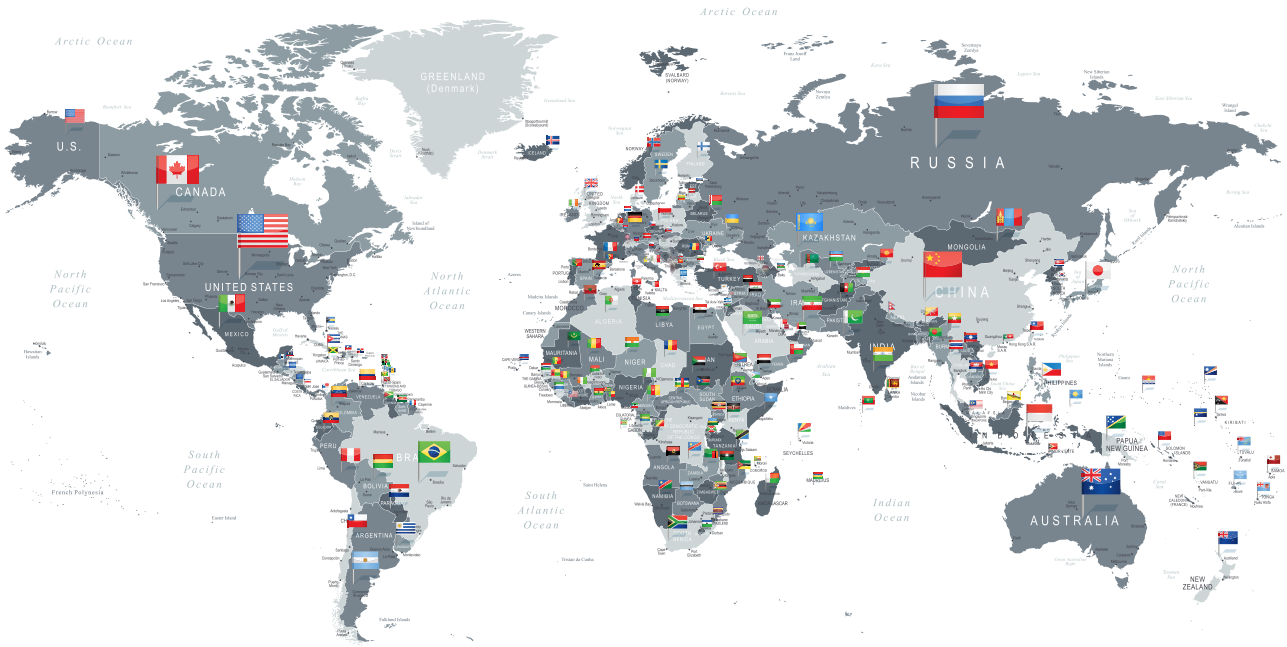
Is Barclays Atlas 5 Right for You?

*Atlas could be a good fit for you if you like **global diversification** and believe in the potential of a global economy.*

*You like growth tied to **more than just US equities** and are looking for consistent interest credits.*

Global Coverage:

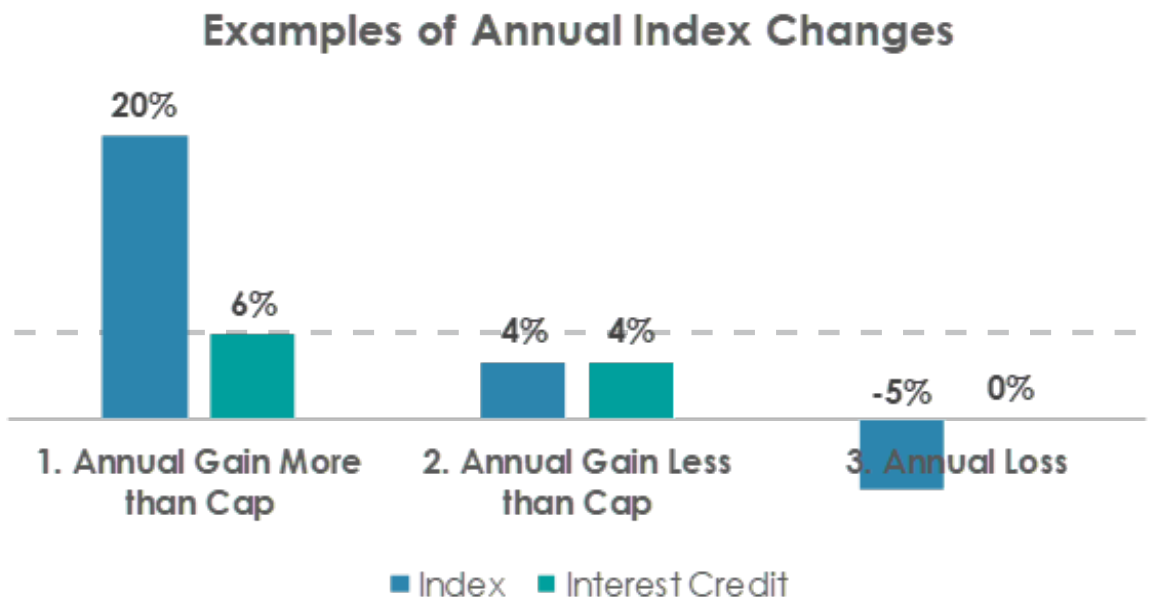
Instead of just being focused on the US economy, Atlas provides diversification through global coverage:



Annual Point-to-Point with Cap Crediting Strategy

Annual Point-to-Point with Cap is an indexed crediting strategy that credits the growth in the underlying index, subject to a cap. If the index increases over the policy year, then you will earn the percentage change of the index – up to the cap. The cap is the maximum rate of interest that can be earned over the policy year. If the underlying index decreases over the course of the policy year, then you will earn an interest credit of 0%. You will never earn less than 0%.

Here are a few examples of **Annual Point-to-Point with Cap**:



1. *Annual Gain More Than Cap*
   The underlying index had an annual gain that was more than the declared cap. Your interest credit would equal the cap rate of 6%.
1. *Annual Gain Less Than Cap*
   The underlying index had an annual gain that was less than the declared cap. In this case, your interest credit would equal the 4% gain in the index.
2. *Annual Loss*
   The underlying index had an annual loss. In this case, you will receive the annual floor of 0% as your interest credit. Congratulations! Your retirement savings did not decline.

Key Points:

- The change in the index is based on the index close value at the beginning and end of the policy year.
- Interest credits only occur at the end of the policy year. No interest credits occur during the policy year.
- Your interest credit will never exceed the cap.
- Caps are declared annually and are guaranteed for one policy year.
- Caps may change for future policy years but will never be less than the minimum in the policy.
- The cap rate of 6% is only for the purposes of this example and is not intended to represent a specific product.

Annual Point-to-Point with Cap is currently available with the S&P 500® Index.

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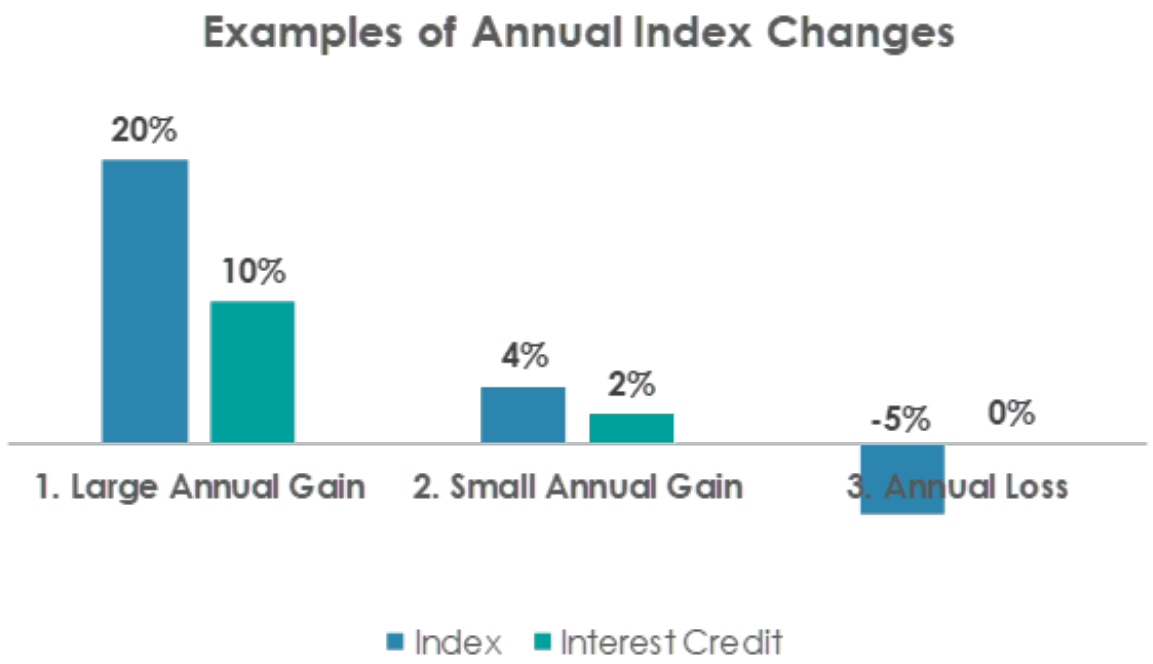
Annual Point-to-Point with Participation Rate Crediting Strategy

Annual Point-to-Point with Participation Rate is an indexed crediting strategy that credits a portion of the growth in the underlying index. This portion of growth is the participation rate. If the index increases over the policy year, then you will earn the percentage change of the index multiplied by the participation rate. If the underlying index decreases over the course of the policy year, then you will earn an interest credit of 0%. You will never earn less than 0%.

Here are a few examples of **Annual Point-to-Point with Participation Rate**, assuming a 50% participation rate:



1. *Large Annual Gain*
   The underlying index had an annual gain of 20%. Your interest credit would be 10% (50% of 20%).
2. *Small Annual Gain*
   The underlying index had an annual gain of 4%. Your interest credit would be 2% (50% of 4%).
3. *Annual Loss*
   The underlying index had an annual loss of 5%. In this case, you will receive the annual floor of 0% as your interest credit. Congratulations! Your retirement savings did not decline.

Key Points:

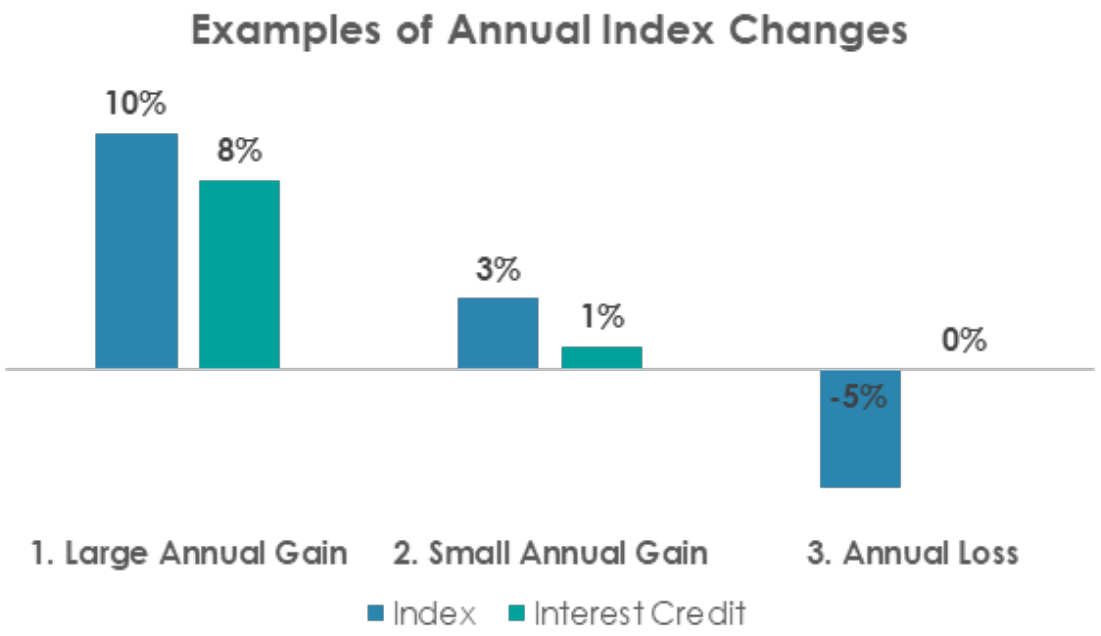
- The change in the index is based on the index close value at the beginning and end of the policy year.
- Interest credits only occur at the end of the policy year. No interest credits occur during the policy year.
- Participation rates are declared annually and are guaranteed for one policy year.
- Participation rates may change for future policy years but will never be less than the minimum in the policy.
- The participation rate of 50% is only for the purposes of this example and is not intended to represent a specific product.

Annual Point-to-Point with Participation Rate is currently available with the S&P 500® and Barclays Atlas 5.

Annual Point-to-Point with Spread/Boost Crediting Strategy

Annual Point-to-Point with Spread is an indexed crediting strategy that credits the growth in the underlying index less a spread. If the growth less the spread is positive for the policy year, then you will earn the growth less the spread. The spread is the amount subtracted from the percentage change of the index. If the percentage change less the spread is negative for the policy year, then you will earn an interest credit of 0%. You will never earn less than 0%.

Here are a few examples of **Annual Point-to-Point with Spread**:



1. *Large Annual Gain*
   The underlying index had an annual gain of 20%. Your interest credit would be 18% (20% less 2%).
2. *Small Annual Gain*
   The underlying index had an annual gain of 4%. Your interest credit would be 2% (4% less 2%).
3. *Annual Loss*
   The underlying index had an annual loss of 5%. In this case, you will receive the annual floor of 0% as your interest credit. Congratulations! Your retirement savings did not decline.

Annual Point-to-Point with Boost is an indexed crediting strategy that credits the growth in the underlying index ***plus a boost.*** If the growth plus the boost is positive for the policy year, then you will earn the growth plus the boost. The boost is the amount added to the percentage change of the index.

Since the boost is added to the index growth, then you may earn a positive interest credit *even if the underlying index suffered a slight loss for the year.* If the percentage change plus the boost is negative for the policy year, then you will earn an interest credit of 0%. You will never earn less than 0%. (The following page shows an example of this strategy.)

Did you know..?

Some SILAC products have a spread that INCREASES your interest credit?

Super-charge your accumulation with the Atlas Boost.

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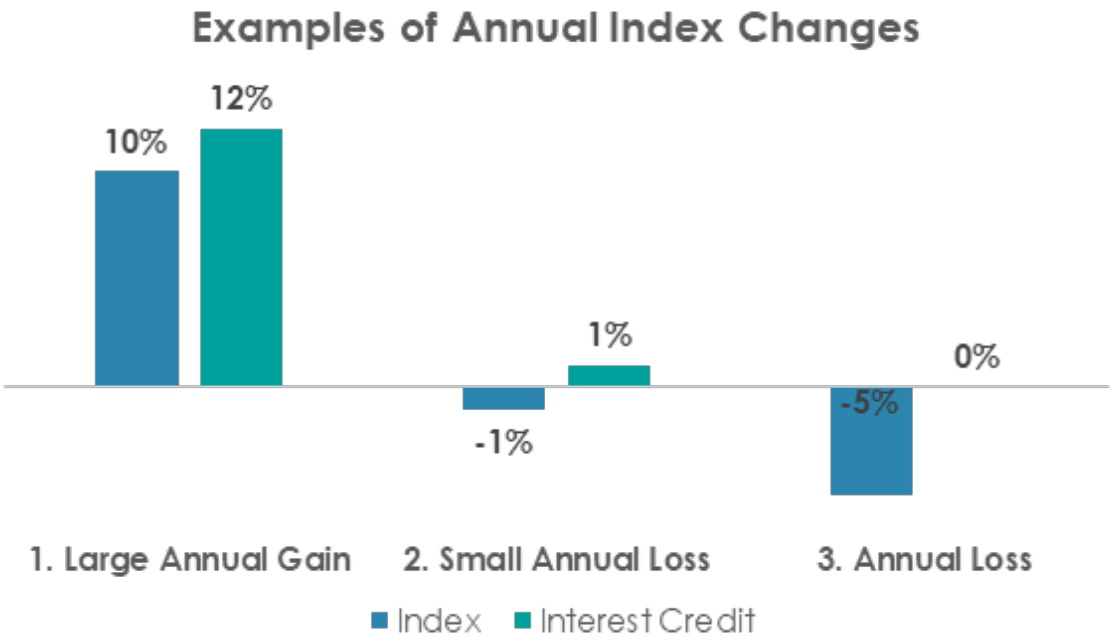
Here are a few examples of **Annual Point-to-Point with Boost**:



1. *Large Annual Gain*
   The underlying index had an annual gain of 20%. Your interest credit would be 22% (20% plus 2%).
2. *Small Annual Loss*
   The underlying index had an annual loss of 1%. Your interest credit would be 1% (-1% plus 2%).
3. *Annual Loss*
   The underlying index had an annual loss of 5%. In this case, you will receive the annual floor of 0% as your interest credit. Congratulations! Your retirement savings did not decline.

Key Points:

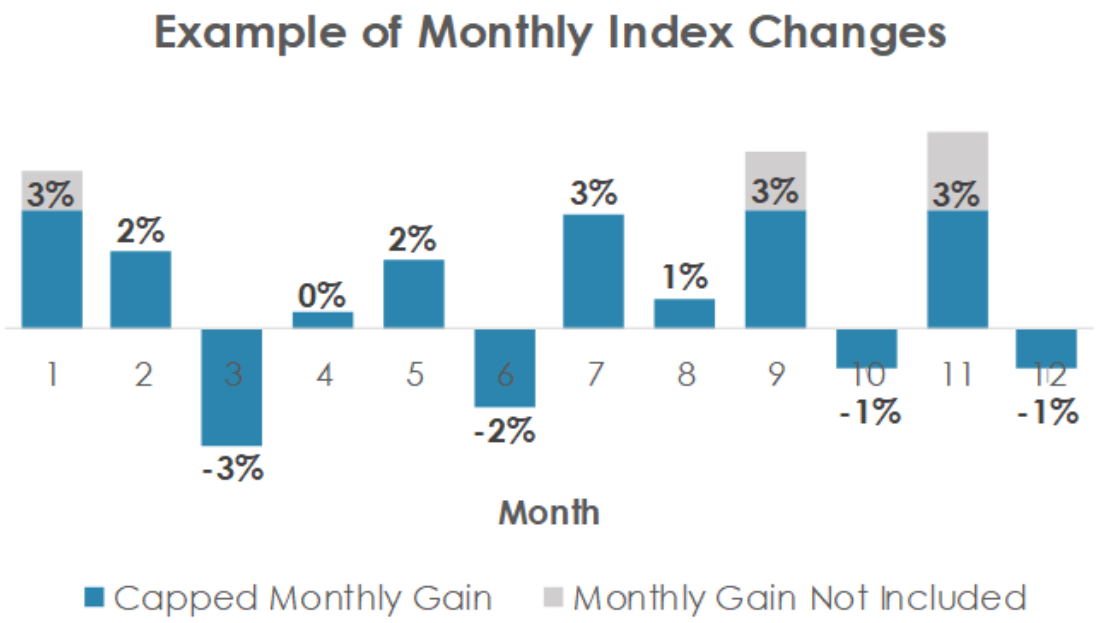
- The change in the index is based on the index close value at the beginning and end of the policy year.
- Interest credits only occur at the end of the policy year. No interest credits occur during the policy year.
- Spreads/Boosts are declared annually and are guaranteed for one policy year.
- Annual Point-to-Point with Spread/Boost is referred to as Annual Pont-to-Point with Spread in the policy form. The Boost is essentially a spread that increases the interest credit.
- Spreads/Boosts may change for future policy years but will always be within the limits set forth in the policy.
- The spread/boost of 2% is only for the purposes of this example and is not intended to represent a specific product.

Annual Point-to-Point with Boost is currently available with the Barclays Atlas 5.

Monthly Point-to-Point with Cap Crediting Strategy

Monthly Point-to-Point with Cap is an indexed crediting strategy that credits the sum of the monthly changes in the underlying index, subject to a monthly cap. If the sum of the monthly changes subject to the monthly cap is positive, then your interest credit will equal the total. If the sum of the monthly changes subject to the monthly cap is negative, then you will earn an interest credit of 0%. You will never earn less than 0%.

Here's an example of **Monthly Point-to-Point with Cap**:



The interest credit for this example would have been the sum of the above capped monthly gains: ***10%***

Key Points:

- The change in the index is based on the index close value at the beginning and end of each month of the policy year.
- Interest credits only occur at the end of the policy year. No interest credits occur during the policy year.
- Monthly caps are declared annually and are guaranteed for one policy year.
- Monthly caps may change for future policy years but will never be less than the minimum in the policy.
- Monthly changes are capped at the monthly cap, but monthly losses are not limited.
- The monthly cap of 3% is only for the purposes of this example and is not intended to represent a specific product.

Monthly Point-to-Point with Cap is currently available with the S&P 500® Index.

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Monthly Average with Cap Crediting Strategy

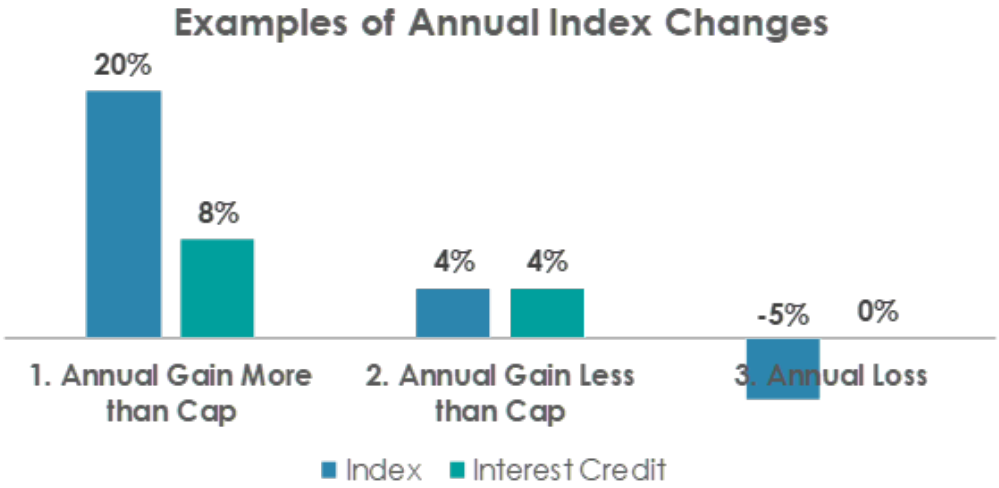
Monthly Average with Cap is an indexed crediting strategy that credits the percentage change of the index average, subject to a cap. The index average is the average of the index close values each month of the policy year. If the percentage change is positive for the policy year, then you will earn the percentage change – up to the cap. The cap is the maximum rate of interest that can be earned over the policy year. If the percentage change is negative for the policy year, then you will earn an interest credit of 0%. You will never earn less than 0%.

The table below shows an example of how the index average and monthly average percentage change is calculated:

Month	1	2	3	4	5	6	7	8	9	10	11	12
Index Close	1,200	1,050	900	950	1,100	1,300	1,500	1,350	1,300	1,300	1,250	1,200

Initial Index Close = **1,000**
Index Average (Average of months 1-12) = **1,200**
Percentage Change = 1,200 / 1,000 = **20%**

Here are a few examples of **Monthly Average with Cap**:



1. *Annual Gain More Than Cap*
   The annual percentage change was more than the declared cap. In this case, your interest credit would equal the cap rate of 8%.
2. *Annual Gain Less Than Cap*
   The annual percentage change was less than the declared cap. Your interest credit would equal the annual percentage change of 4%.
3. *Annual Loss*
   The annual percentage change was negative. In this case, you will receive the annual floor of 0% as your interest credit. Congratulations! Your retirement savings did not decline.

Key Points:

- The change in the index is based on the index close value at the beginning and average of the index close values on the twelve monthiversaries.
- Interest credits only occur at the end of the policy year. No interest credits occur during the policy year.
- Your interest credit will never exceed the cap.
- Caps are declared annually and are guaranteed for one policy year.
- Caps may change for future policy years but will never be less than the minimum in the policy.
- The cap of 8% is only for the purposes of this example and not intended to represent a specific product.

Monthly Average with Cap is currently available with the S&P 500® Index.

Monthly Average with Participation Rate Crediting Strategy

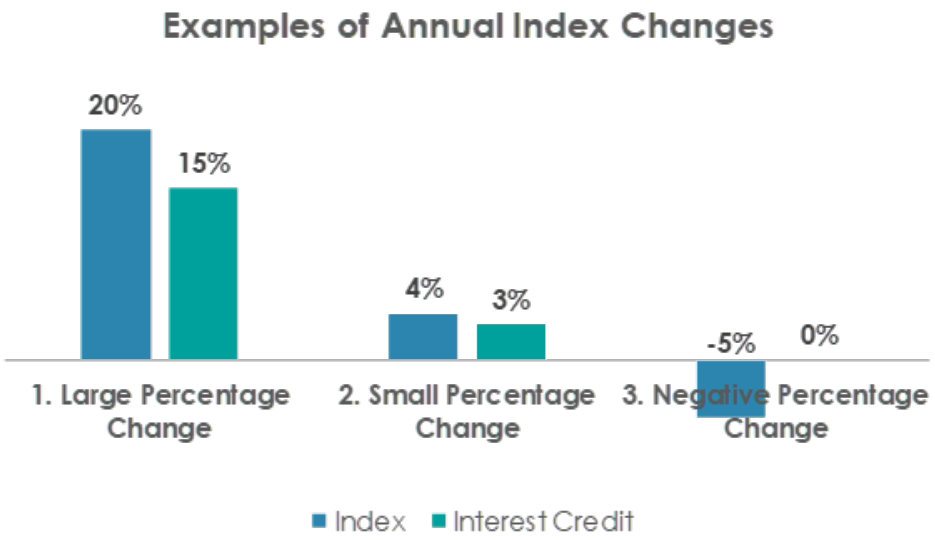
Monthly Average with Participation Rate is an indexed crediting strategy that credits a portion of the percentage change of the index average. This portion is the participation rate. The index average is the average of the index close values each month of the policy year. If the percentage change is positive for the policy year, then you will earn the percentage change multiplied by the participation rate. If the percentage change is negative for the policy year, then you will earn an interest credit of 0%. You will never earn less than 0%.

The table below shows an example of how the index average and monthly average percentage change is calculated:

Month	1	2	3	4	5	6	7	8	9	10	11	12
Index Close	1,200	1,050	900	950	1,100	1,300	1,500	1,350	1,300	1,300	1,250	1,200

Initial Index Close = **1,000**
Index Average (Average of months 1-12) = **1,200**
Percentage Change = 1,200 / 1,000 = **20%**

Here are a few examples of **Monthly Average with with Participation Rate**, assuming a 75% participation rate:



1. *Large Percentage Change*
   The underlying index had a percentage change of 20%. Your interest credit would be 15% (75% of 20%).
2. *Small Percentage Change*
   The underlying index had a percentage change of 4%. Your interest credit would be 3% (75% of 4%).
3. *Negative Percentage Change*
   The underlying index had a negative percentage change of 5%. In this case, you will receive the annual floor of 0% as your interest credit. Congratulations! Your retirement savings did not decline.

Key Points:

- The change in the index is based on the index close value at the beginning and average of the index close values on the twelve monthiversaries.
- Interest credits only occur at the end of the policy year. No interest credits occur during the policy year.
- Participation rates are declared annually and are guaranteed for one policy year.
- Participation rates may change for future policy years but will never be less than the minimum in the policy.
- The participation rate of 75% is only for the purposes of this example and is not intended to represent a specific product.

Monthly Average with Participation Rate is currently available with the S&P 500® Index.

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Monthly Average with Spread Crediting Strategy

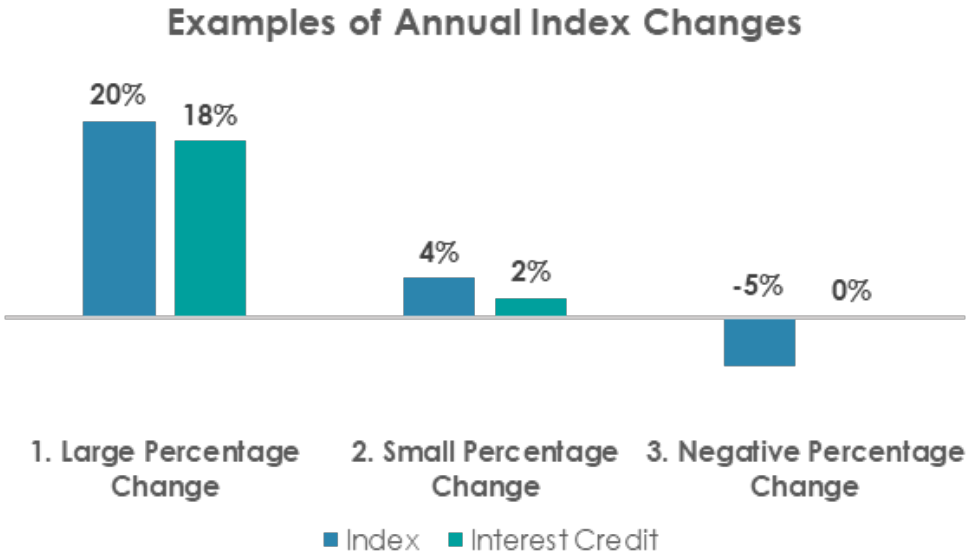
Monthly Average with Spread is an indexed crediting strategy that credits the percentage change of the index average less a spread. The index average is the average of the index close values each month of the policy year. If the percentage change less the spread is positive for the policy year, then you will earn the percentage change less the spread. The spread is the amount subtracted from the percentage change of the index average. If the percentage change less the spread is negative for the policy year, then you will earn an interest credit of 0%. You will never earn less than 0%.

The table below shows an example of how the index average and monthly average percentage change is calculated:

Month	1	2	3	4	5	6	7	8	9	10	11	12
Index Close	1,200	1,050	900	950	1,100	1,300	1,500	1,350	1,300	1,300	1,250	1,200

Initial Index Close = **1,000**
Index Average (Average of months 1-12) = **1,200**
Percentage Change = 1,200 / 1,000 = **20%**

Here are a few examples of **Monthly Average with Spread**, assuming a 2% spread:



1. *Large Percentage Change*
   The underlying index had a percentage change of 20%. Your interest credit would be 18% (20% less 2%).
2. *Small Percentage Change*
   The underlying index had a percentage change of 4%. Your interest credit would be 2% (4% less 2%).
3. *Negative Percentage Change*
   The underlying index had a negative percentage change of 5%. In this case, you will receive the annual floor of 0% as your interest credit. Congratulations! Your retirement savings did not decline.

Key Points:

- The change in the index is based on the index close value at the beginning and average of the index close values on the twelve monthiversaries.
- Interest credits only occur at the end of the policy year. No interest credits occur during the policy year.
- Spreads are declared annually and are guaranteed for one policy year.
- Spreads may change for future policy years but will never be more than the maximum in the policy.
- The spread of 2% is only for the purposes of this example and is not intended to represent a specific product.

Monthly Average with Spread is currently available with the S&P 500® Index.

Putting it all together:

There are three steps when deciding how to allocate between the underlying indexes and associated crediting strategies:

1. Decide how much of your account value you'd like tied to the S&P 500® vs Barclays Atlas 5. There are no limitations – you can allocate 100% to the S&P 500®, 100% to Atlas or a combination of both. Please keep in mind allocations can be updated each policy year.

2. Choose between type of crediting strategy: annual point-to-point, monthly average and monthly point-to-point:

Annual Point-to-Point is very simple since it only looks at the underlying index at the beginning and end of each policy year. However, its performance is highly sensitive to the index close values on those two dates.

Monthly Average is a little more complicated since it uses the underlying index close values at the start of each policy month. However, it's less sensitive to index performance on any one day and can provide more consistent performance.

Monthly Point-to-Point calculates the monthly changes of the underlying index. It can provide stronger adjustments during times when the underlying index is more volatile.

3. Decide which type of adjustment (cap, participation rate or spread) you'd like applied to each type of crediting strategy.

The below table summarizes the crediting strategies available by index:

	S&P 500®	Barclays Atlas 5
Annual Point-to-Point with Cap	X	
Annual Point-to-Point with Participation Rate	X	X
Annual Point-to-Point with Spread/Boost		X
Monthly Point-to-Point with Cap	X	
Monthly Average with Cap	X	
Monthly Average with Participation Rate	X	
Monthly Average with Spread/Boost	X	

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SICL-FIA-AWG