

LIFETIME INCOME BENEFIT RIDER (LIBR-2010)*

*Planning Today to
Supplement the Future*

American Equity Investment Life Insurance Company
West Des Moines, Iowa

*Form number and availability may vary by state



You have worked your whole career to build assets that will help you live a great lifestyle during retirement. American Equity can help make sure you do not run out of income, allowing you to maintain an excellent standard of living. Many of today's retirees, and soon to be retirees, wonder if their assets will last the rest of their lives. Factors such as inflation, national security, healthcare, and social security have many Americans switching their priorities from:

“Have I Saved Enough to Retire?”

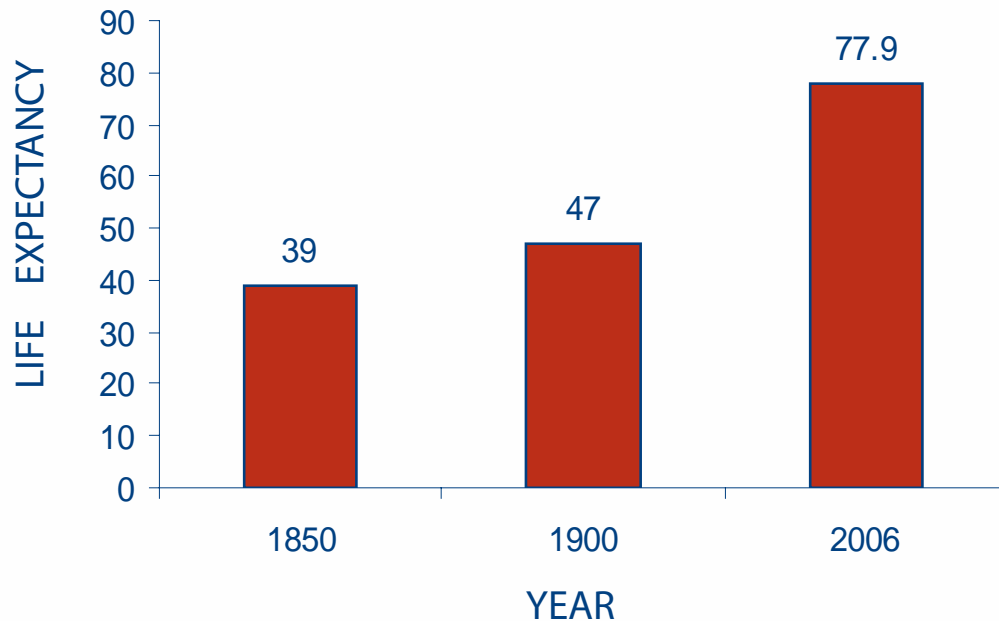
And Start Wondering

“Will I Outlive My Money?”

Lets look at some information that supports the importance of proper income planning.



WE'RE LIVING LONGER



Source: National Center for Health Statistics.

In 2010, there will be approximately 105,000 people age 100 years or older. In the year 2030, it is estimated there will be over 420,000 people age 100 or older, reaching 1.15 million in 2050!!

Source: US Census Bureau

- *A man reaching age 65 today can expect to live, on average, until age 83.*
- *A woman turning age 65 today can expect to live, on average, until age 85.*

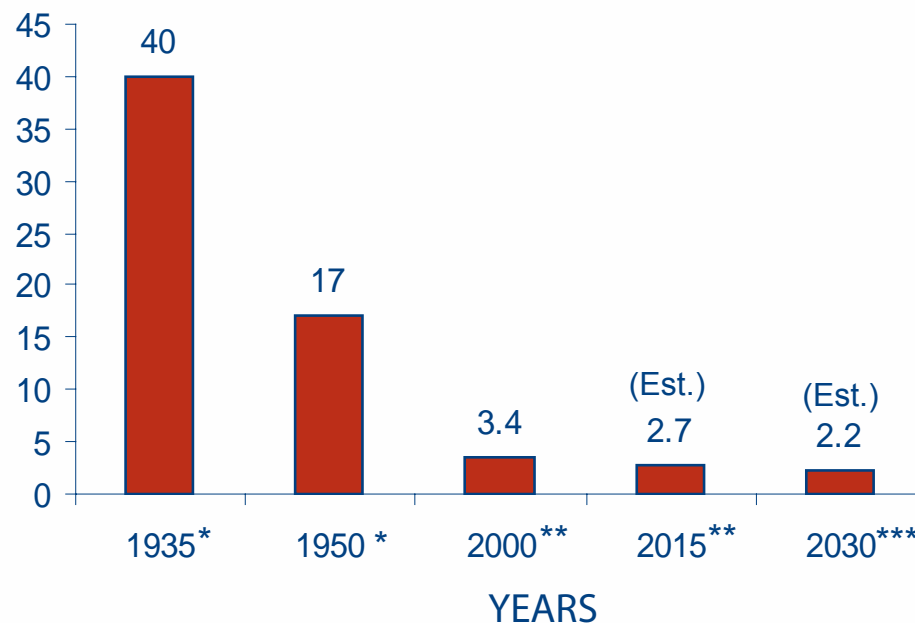
And those are just averages. About one out of every four 65-year-old today will live past age 90, and one out of 10 will live past age 95.

Source: Social Security Administration



WILL YOU DEPEND ON THE FEDERAL GOVERNMENT FOR YOUR RETIREMENT DOLLARS?

Workers contributing to Social Security per user:



Source: *1997 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Funds.

**2001 OASDI Trustees Report

***2006 OASDI Trustees Report



A NEW SOLUTION

*Lifetime Income Benefit Rider (LIBR-2010)**

- Provides a Guaranteed Lifetime Income Benefit (LIB)
 - *Offers Choice of Level Payment or Guaranteed Increasing Payment Options*
- Added to Base Indexed Annuity Contracts⁺
- Allows Access to Cash Value
- Cash Value Continues to Accumulate
- Potential for income to step-up (*on level payment option only*)

⁺Excludes 10/10 Gold/Millennium Platinum (Index-6-05)



LIFETIME INCOME BENEFIT RIDER (LIBR-2010)

MINIMUM GUARANTEED SURRENDER VALUE

Depends on
Product

CONTRACT VALUE

Depends on
Performance

INCOME ACCOUNT VALUE

5%

**No
Initial Fee**

INCOME ACCOUNT VALUE

7%*

**0.60%
Annual Fee**

CHOOSE ONE

← **Greater Of** →

When you are ready to elect income, the Company will look back and guarantee you earned at least 5% or 7% on your Income Account Value (IAV). If Contract Value is larger, your IAV will step up to the Contract Value.

+Available only for issue ages 50 and above.



LIFETIME INCOME BENEFIT RIDER (LIBR-2010)

- Guarantees a 5% annual growth until income benefit payments begin at no initial fee. Available for all issue ages.

OR

- Guarantees an 7% annual growth until income benefit payments begin for 0.60% annual fee. Available for issue ages 50 and above.
- Income Account Value (IAV)=

*Premium + applicable bonus + 5% (or 7%)
interest less pro-rated reduction for withdrawals*



RECEIVING A LIFETIME INCOME

- Choice of Level or Guaranteed Increasing Payment Options
- LIB payments may begin at the later of:
1st Contract Anniversary or Age 50
- LIB payments may be:
Monthly, quarterly, semi-annual or annually
- Payments based on age at election and a percentage of the IAV

**BENEFIT PAYOUT PERCENTAGE –
LEVEL PAYMENT OPTION**

Payee's Minimum Age at election of LIB	Single Life Payout Percentage	Joint Life Payout Percentage
50-59	4%	3.5%
60-69	5%	4.5%
70-79	6%	5.5%
80+	7%	6.5%

**BENEFIT PAYOUT PERCENTAGE –
INCREASING PAYMENT OPTION**

Payee's Minimum Age at election of LIB	Single Life Payout Percentage	Joint Life Payout Percentage
50-59	3%	2.5%
60-69	4%	3.5%
70-79	5%	4.5%
80+	6%	5.5%

SAMPLE LIFETIME INCOME CALCULATION

USING LEVEL PAYMENT OPTION

- Income Account Value (IAV) at age 70: **\$150,000**
- Contract Value at AGE 70: **\$140,000**
- $\$150,000 > \$140,000$
- % of IAV at age 70: **6%**
- Annual Lifetime Income Benefit (LIB) Payments at age 70: **\$9,000**
 $(\$150,000 \times 6\% = \$9,000)$



SAMPLE LIFETIME INCOME CALCULATION USING THE INCREASING PAYMENT OPTION

- Income Account Value (IAV) at age 70: **\$150,000**
- Contract Value at AGE 70: **\$140,000**
- $\$150,000 > \$140,000$
- % of IAV at age 70: **5%**
- Annual Lifetime Income Benefit (LIB) Payments if elected at age 70:

Year 1	\$7,500
Year 2	\$7,725
Year 3	\$7,957
Year 4	\$8,196

Payments will increase by the Increasing Payment Percentage (currently 3%) each year!++

++Until or unless the Contract Value decreases to zero, at which point the LIB payment will remain level.



RESET PROVISION

- If income has not been selected, policyholder can reset the IAV Accumulation Period

Once between 5th & 10th contract year

- Reset as the greater of the
Current IAV at time of Reset
OR
Contract Value at time of Reset

- Extends IAV Accumulation Period

- Rider Fee may change if Reset
Will never be greater than 1%
May apply to both the 5% and the 7% IAV Rate Options



STEP-UP PROVISION

(AVAILABLE ON THE LEVEL PAYMENT OPTION ONLY)

After LIB payments begin:

- Each Contract Anniversary Compare Contract Value to current Income Account Value (IAV)
- New IAV based on greater of the two accounts
Future LIB payments based on the new IAV

EXAMPLE

- 70 years old when elect LIB
- IAV is \$100,000, LIB Payment \$6,000
- Next Contract Anniversary IAV is \$94,000 and Contract Value is \$105,000
- IAV steps up to \$105,000 LIB payment increases - \$6,000 to \$6,300



EXCESS WITHDRAWALS

- Partial withdrawals after LIB payments begin reduce LIB payment amounts by same percentage as Contract Value
For example: withdrawal of 5% of Contract Value reduces subsequent guaranteed payments by 5%
- If Contract Value is reduced to zero
IAV also reduces to zero & LIB payments will stop

Surrender charges may apply to Excess withdrawals that exceed 10% annual penalty free withdrawal available under the Base Contract
You may be subject to a 10% Federal penalty if you make withdrawals before age 59^{1/2}.



As you can see planning for your future is more important than ever.

With *American Equity's*
LIFETIME INCOME BENEFIT RIDER,
you can make sure to get the most of your assets.

Talk with your Agent
to see if *American Equity*
can help you ensure a
LIFETIME OF INCOME!

SEE BROCHURE AND DISCLOSURE FOR MORE DETAILS

Please Note: Lifetime Income Benefit Rider is only used to calculate Lifetime Income. It is not part of the underlying Contract Value, available in a lump sum or part of the Death Benefit Calculation. The Lifetime Income Benefit Rider is backed by the claims paying ability of American Equity.





American Equity's Gold standard for a secure Retirement

It is the American Equity dream to help Americans enjoy their retirement years with financial security. We care about providing products that protect you and your family. Our employee/owners are committed to ensuring peace of mind for your retirement future. Our commitment to unsurpassed service and strong contract owner benefits has allowed American Equity to experience consistent, record growth in our industry. In fact, we're the number 3 all-time producer of index annuities.*

When you buy an American Equity annuity, you are buying a promise, a promise that we will always be there when you need us. If you want an annuity that can offer you safety of premium, flexibility, tax advantages, accessibility when you need it and a chance to have a lifetime income, we have it. "We're the One" to offer you diverse financial planning choices for your retirement dollars.

Dave Noble, Executive Chairman

Neither American Equity nor our agents offer legal, investment or tax advice. Please consult a qualified advisor for these matters.

*Source: AnnuitySpecs.com



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