

Disclosure Document

This document reviews important points to think about when deciding to buy this annuity from Loyal American Life Insurance Company. Please read your annuity contract for a full description of your annuity.

- This annuity is a **single premium** annuity, which means you buy it with one purchase payment (premium).
- It is a **fixed** annuity, which means it earns at least the guaranteed interest rate.

- It is a **deferred** annuity, which means annuity benefit payments (payouts) don't begin until a future date. You don't pay taxes on the interest that it earns until the money is paid to you.

You can use an annuity to save money for retirement and to receive retirement income for life. An annuity is **not** meant to be used to meet short-term financial goals.

If you have questions about this annuity, please ask your agent/producer, or contact us at (800) 854-3649.

Your annuity contract

How will the value of my annuity grow?

Your annuity earns tax-deferred interest. Interest is credited daily and compounded annually. The interest rate that your annuity earns will never fall below the guaranteed interest rate set out on the contract specifications page.

Your annuity earns interest at a guaranteed rate for five years. This five-year period is the initial **term** of your annuity (a period of time during which the interest rate does not change). The guaranteed rate for the initial term depends on market interest rates.

When the initial term ends, you may choose any new term that is available under your annuity. During the new term, your annuity earns interest at a new guaranteed rate that depends on the length of the new term and market rates.

If you do not choose a new term, we set the current interest rate for your annuity. It is based on market rates. The current rate may be higher than the guaranteed interest rate. We may change the current rate at any time.

Unless you take money out of your annuity, the account value of your annuity cannot go down.

Benefits

How do I get income from my annuity?

You can get income from your annuity through **annuity benefit payments**. Annuity benefit payments are based on the account value of your annuity. A market value adjustment and an early withdrawal charge may apply, as described below.

When you buy your annuity, we set the **annuity commencement date** (the date when you will start to get income from your annuity). This date is shown on the contract specifications page. You may choose an earlier date at any time. We may also agree to let you delay this date.

You choose how the payments will be made—the **settlement option**. Your choices include:

- **Income for a fixed period:** Pays income for the fixed period of time that you select.
- **Life annuity with payments for at least a fixed period:** Guarantees income for as long as you live. If you die during the fixed period that you select (usually 10 or 20 years), your annuity pays income for the rest of the period.
- **Joint and one-half survivor annuity:** Guarantees income for as long as you live. If your joint annuitant (usually a spouse) survives you, your annuity then pays 50% of the periodic payment amount for as long as your joint annuitant lives.

You may change both the annuity commencement date and the settlement option up until 30 days before annuity benefit payments are scheduled to begin. If you don't choose a settlement option, the default settlement option is life annuity with monthly payments for at least 10 years.

What happens if I take money out of my annuity?

Before the annuity commencement date, you can take out all of your account value (**surrender**) or withdraw part of it (**withdrawal**). A market value adjustment and an early withdrawal charge may apply, as described below.

- If you surrender your annuity, your contract terminates.
- If you take a withdrawal, your account value goes down. You can take a withdrawal as long as the amount you take is at least \$500 and you leave at least \$5,000 in your account.

Once annuity benefit payments begin, you can't take any other money out of your annuity.

What happens after I die?

If you die before the annuity commencement date, we will pay the death benefit to your beneficiary. The death benefit is based on the account value of your annuity.

You may tell us how to pay the death benefit to your beneficiary. You can choose a lump sum or payments under any settlement option. If you don't choose, your beneficiary can choose the type of payment. If neither of you chooses, the default is annual payments for four years.

If you die after the annuity commencement date, we will continue payments if called for by the settlement option you chose.

Optional benefits & related charges

What other benefits can I choose?

There are no optional benefits available with this annuity contract.

Adjustments, fees & other charges

What adjustments, fees and charges apply to my annuity?

We make a **market value adjustment (MVA)** when you surrender your annuity, take a withdrawal or request annuity benefit payments. We also take an **early withdrawal charge** (surrender charge) when you surrender your annuity, take a withdrawal, or request annuity benefit payments.

There is no MVA or early withdrawal charge during the last 30 days of a term. If you do not choose a new term when the initial term ends, the MVA and the early withdrawal charge no longer apply. If you choose a new term, the MVA and an early withdrawal charge apply for the new term.

Exceptions: In some cases, we may waive the MVA and the early withdrawal charge. For example, there's no MVA or early withdrawal charge if:

- during the first contract year, you withdraw the interest credited to your annuity;
- in any subsequent contract year, you withdraw 10% or less of your account value as of the most recent contract anniversary;
- after the first contract anniversary, you request annuity benefit payments for life or for a period of five years or more; or
- we pay the death benefit to a beneficiary after your death.

We will also waive early withdrawal charges (but not the MVA) if you qualify for the extended care waiver or the terminal illness waiver.

What is a market value adjustment?

A market value adjustment is an increase or decrease in your annuity values to reflect changes in market interest rates after the beginning of the current term.

- If interest rates went up after the beginning of the term, the MVA likely will decrease the amount you receive.
- If interest rates went down after the beginning of the term, the MVA likely will increase the amount you receive.

How is the early withdrawal charge calculated?

Here's how the charge is calculated for the initial five-year term.

Term year	1	2	3	4	5	6+
Early withdrawal charge	7%	6%	5%	4%	3%	0%

Example: You surrender your annuity in the third year of the initial term when your account value (after the MVA) is \$100,000. You have already used your 10% free withdrawal allowance for the year and no other exception or waiver applies. We take an early withdrawal charge of \$5,000 ($\$100,000 \times 0.05$) and you receive \$95,000.

Do I pay any other fees or charges?

You don't pay any other fees or charges to us for this annuity. If your state imposes a premium tax, it will be deducted from your account value at the time it is imposed.

Taxes

How will annuity benefit payments and withdrawals from my annuity be taxed?

This annuity is tax deferred, which means you don't pay taxes on the interest it earns until the money is paid to you. You will pay ordinary income taxes on the earned interest when:

- you receive annuity benefit payments;
- you surrender your annuity; or
- you take a withdrawal.

If your annuity is part of a retirement plan that received pre-tax or tax-deductible contributions, you will pay ordinary income taxes on those contributions when they are paid out.

In addition, you may pay a 10% federal penalty tax on the taxable amount of any payment that you receive before age 59½.

You may be able to exchange, directly transfer or roll over one tax-qualified annuity to another annuity or tax-qualified account without paying taxes. Before you do, compare the benefits, features and costs of each option. You may pay an early withdrawal charge under the old annuity or account. You may also pay a sales charge under the new annuity or account, or you may pay an early withdrawal charge if you later take withdrawals from the new annuity or account.

Does buying an annuity in a retirement plan provide extra tax benefits?

Buying an annuity within an IRA, 403(b), 457 or other tax-deferred retirement plan doesn't give you any extra tax benefits. Choose your annuity based on its other features and benefits as well as its risks and costs, not its tax benefits.

Other information

What else do I need to know?

Changes to your contract. We may change your annuity contract from time to time to follow federal or state laws and regulations. If we do, we'll tell you about the changes in writing.

Compensation. We pay a commission to the producer, agent, broker or firm for selling this annuity to you. They may receive additional compensation for selling this annuity rather than other annuities or investment products.

Free look. Read the first page of your contract to learn about your **free-look** period. If you decide during your free-look period that you don't want this annuity, you can return it and get all your money back.

Tax qualification. If your annuity is a tax-qualified contract, its particular status is determined by the tax qualification endorsement attached to it. To determine if your annuity is a tax-qualified contract, look at the endorsements attached to your contract. Distributions from certain qualified contracts may be restricted as required by tax law or an employer plan.

What should I know about Loyal American Life?

Loyal American Life Insurance Company[®] is a subsidiary of Great American Financial Resources[®], Inc. (GAFRI). Through its subsidiaries, GAFRI offers a variety of retirement products, including fixed, fixed-indexed and variable annuities and life, long-term care and supplemental health insurance. GAFRI and its subsidiaries are leading providers of products and services to educators and employees of non-profit institutions.

Our A.M. Best rating is A (Excellent), which is the third highest of 16 categories. Ratings from this independent insurance rating firm are subject to change from time to time.

How do I contact Loyal American Life?

- Web: www.GAFRI.com
- Phone: (800) 771-2140
- Mail: P.O. Box 5420, Cincinnati, OH 45201-5420

Legal notices

This is only a summary document. It is not part of your contract with Loyal American Life. This document is not intended or written to be used as legal or tax advice. It cannot be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. It was written solely to support the sale of annuity products. You should seek advice on legal and tax questions based on your particular circumstances from an independent attorney or tax advisor. All payments and guarantees are based on the claims-paying ability of Loyal American Life.

For use with contract form P1062807NW and rider forms R6019208NW and R6020908NW. Form numbers may vary by state. Products and features not available in all states.

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• Not Insured by any Federal Government Agency • Not a Deposit
• May Lose Value**