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THE GUARANTEE PLUS 2 ANNUITY Product Guide

(Flexible Premium Deferred Annuity with Market Value Adjustment Contract Form FPDA-2)¹

Product Description:

Guarantee Plus 2 annuity is a flexible premium deferred annuity with a Market Value Adjustment offering a 2% additional interest rate on all premiums paid in the first five Contract Years. You may begin this Contract with a minimum premium of \$2,000 for Qualified and \$5,000 for Non-Qualified. And may add additional premiums at any time for any amount as long as your Contract remains in force.

Interest Crediting:

Initial interest rate is guaranteed for the first five Contract Years on Initial Premium. Renewal rates are subject to change, guaranteed never less than 3%.

Surrender Charges¹:

Surrender Charges are deducted from your Contract Value in event of full Surrender or Partial Withdrawals in the 1st Contract Year or in excess of the Penalty-free Withdrawal amount during the Surrender Charge period. These charges start at 12% and reduce to zero at the end of the 10th Contract Year.

Market Value Adjustment (MVA):

This Contract includes a Market Value Adjustment (MVA) feature during the first 10 Contract Years, which is applicable to full Surrender, any Penalty-free Withdrawal taken within 12 months of full Surrender or Partial Withdrawal in excess of the Penalty-free amount. MVA either increases or decreases the Contract Value before Surrender Charges are applied. See Contract for additional details.

Liquidity Options:

If you need money for any reason, you may take a Penalty-free Withdrawal of up to 10% of the Contract Value after the first Contract Year. Additionally, you may receive interest income as quickly as 30 days after your Contract is issued with systematic withdrawals². You may take an IRS minimum distribution of qualified money 30 days after Contract Issue of up to 10% of Contract Value². Withdrawals prior to age 59½ may be subject to IRS penalties.

Nursing Care Rider (NCR-2)¹:

For additional peace of mind, our Nursing Care Rider is automatically included, at no cost, for Annuitants issue ages under 75. This allows a 20% Penalty-free Withdrawal for a qualified Nursing care center confinement beginning one year after issue and continuing for at least 90 consecutive days.

Terminal Illness Rider (TIR-1)¹:

Terminal Illness Rider is automatically included, at no cost, for Annuitants issue ages under 75. After the Contract is in force for one year it allows one Penalty-free Withdrawal of up to 75% of the Contract Value for a terminal illness expected to result in death in one year as diagnosed by a qualified M.D.

Maturity Benefit¹:

The full Contract Value can be converted to a Settlement Option on the Maturity Date. Minimum Settlement Option period is 60 months. The Maturity Date is the 1st Contract Anniversary after Annuitant's 95th birthday.

Death Benefits:

Your beneficiary(ies) receive the full Contract Value at your death. Surrender Charges and MVA are not applied to death benefit. Your beneficiaries have the choice to receive the death benefit in a lump sum or over a period of time.

¹May vary by issue age and/or state.

²Benefit not guaranteed and subject to change.

Note: The above information is a general description of Contract features. For more detailed explanations, please refer to the Contract. Contract availability subject to state approvals. Annuity Contracts are products of the insurance industry and are not guaranteed by any bank or insured by the FDIC.



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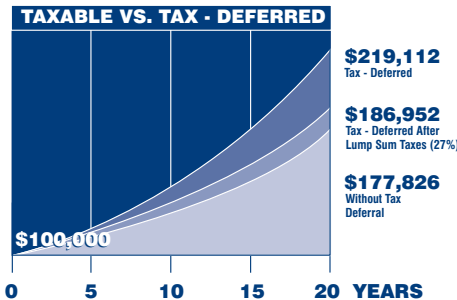
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BENEFITS OF A TAX-DEFERRED ANNUITY

Tax Deferral:

Triple Compounding Solutions! Interest earned on your American Equity annuity is not currently taxable by the federal or state government until you choose to make a withdrawal. This is the key difference between an annuity and other taxable financial vehicles. A 4% rate may sound good initially, but if you are in a taxable vehicle with a combined 27% tax bracket, the actual rate is 2.92%.



Annuities feature **Triple Compounding!** You earn interest on your premium, interest on your interest and interest on what you would normally pay in income taxes. You do not pay income taxes on your American Equity annuity interest until you withdraw it. You control when you pay income taxes!

May Avoid Probate:

In the case of premature death, your beneficiaries have the accumulated funds within your annuity available to them and may avoid the expense, delay and publicity of probate. Your named beneficiaries can choose to receive the proceeds as monthly income or a lump sum payment.

Guaranteed Income:

American Equity can provide you with a guaranteed income with a tax-deferred annuity. You have the ability to choose from several different income options, including payments for a specified number of years or income for life, no matter how long you live. With non-qualified plans, a portion of each income payment represents return of premium which is not taxed, thereby reducing your tax liability from your income payments.

Stability:

Your tax-deferred annuity is stable at American Equity. State insurance department laws require that we establish and maintain reserves equal to the cash surrender value of your annuity Contract at all times. In addition, state laws require we maintain minimum amounts of capital and surplus for further Contract Owner protection.

American Equity invests your premium dollars in a diversity of investments that are closely regulated by the insurance departments. These long-term investments ensure the stability of the company and help to provide you with a competitive yield.

Liquidity:

American Equity provides you with opportunities to withdraw funds at any time (subject to applicable Surrender Charges). Most Contracts allow some form of Penalty-free Withdrawal after the first Contract Anniversary. American Equity also has available certain riders which increase liquidity in the event of confinement to a nursing home, (NCR-2)¹ or if diagnosed with a terminal illness (TIR-1)¹. (*Riders not available in all states.*)

Neither American Equity nor any of its agents give legal, tax or investment advice. Consult a qualified advisor on these matters.

