American Equity's **Job Standard** for a secure Retirement

Lifetime Income Benefit Rider

(ICC13 R-LIBR.1)*

with Enhanced Death Benefit or (13 R-LIBR-EDB.1)* Wellbeing Rider (13 R-LIBR-W1)*

for use with Fixed Indexed Annuities

Included automatically on most Fixed Indexed Annuities



*Form number and availability may vary by state and product.

Lifetime Income Benefit Overview

LIFETIME INCOME BENEFIT OVERVIEW

- Provides a lifetime income (subject to certain restrictions)
- You control money remaining in your contract (annuitization not required)
- You choose the Rate/Benefit option that best suits your needs
- Spousal income benefit available
- Level or increasing payment options

LIFETIME INCOME BENEFIT FEATURES

The Lifetime Income Benefit Rider (LIBR) allows you to take a lifetime income from your annuity without losing control of your retirement assets. This is possible because the lifetime income is in the form of regular withdrawals from your contract rather than annuitized payments. The amount of your lifetime income benefit (LIB) is determined by multiplying your income account value (IAV) (described below) by a benefit payout percentage. The benefit payout percentage is based upon your age at the time you elect payments and is described in more detail below. You may start and stop LIB payments at any time. If restarted, we resume LIB payments based on original benefit payout percentage applied to the greater of your current contract value or your current IAV.

INCOME ACCOUNT VALUE CALCULATION

The IAV is an accounting value used solely to determine the amount of income you will earn under the LIBR. It is not a traditionally accessible value; rather it serves as a measuring value tool for purposes of the rider only. At any one time, your IAV equals the total premiums paid (plus any premium bonus, if applicable) accumulating at the IAV rate (whichever option you choose at the time of application). The accumulation of the IAV will continue at the predetermined percentage until the end of the IAV Period, the date LIB payments begin, or either the rider or the contract to which it is attached terminates, whichever occurs first.

PLEASE NOTE: The IAV is NOT a part of your contract value as defined in the base contract-it is not part of your cash surrender value and cannot be accessed by surrender or withdrawal. While your LIB payment will be based upon the accounting value of your IAV, all withdrawals, LIB payments, surrenders and lump sum distributions are deducted from your contract value. The IAV serves as a method of calculating the LIB only.

RESET OF IAV PERIOD

You may reset your IAV Period once on any contract anniversary between the 5th and 10th contract anniversaries by submitting your request in writing prior to the 10th contract anniversary. Your IAV then becomes the greater of your current IAV or your contract value.

LIFETIME INCOME BENEFIT OPTIONS

American Equity offers four choices with our Lifetime Income Benefit Riders. You need to determine which option best suits your needs.

Option 1: Lifetime Income Benefit Rider (ICC13 R-LIBR.1)*

-Available for all issue ages.

This lifetime income option offers an IAV rate of 4.5%. There is no rider fee associated with this option at issue. You will have the option to reset your income account value period. The company, may at time of reset, implement a rider fee.

Option 2: Lifetime Income Benefit Rider (ICC13 R-LIBR.1)*

-Available for issue ages 50+.

This lifetime income option offers an IAV rate of 6.5%. There is a rider fee of 0.60% of your contract value. This fee is deducted from your contract value each year as long as the LIBR remains active. You will have the option to reset your income account value period. The company, may at time of reset, change the rider fee.

Option 3: Lifetime Income Benefit & Enhanced Death Benefit Rider (13 R-LIBR-EDB.1)*

-Available for all issue ages.

This lifetime income option offers an IAV rate of 4.5%. In addition to the lifetime income benefit you also receive an enhanced death benefit. There is a rider fee of 0.70% of your contract value. This fee is deducted from your contract value each year as long as the LIBR remains active. You will have the option to reset your income account value period. The company, may at time of reset, change the rider fee.

What is the Enhanced Death Benefit? The enhanced death benefit is based on your IAV and is equal to the lesser of:

- Your IAV on the date of your death; or
- Your IAV on the earliest date any Owner or Annuitant reaches the Maximum Age (currently 85); or
- Your IAV on the first contract anniversary multiplied by the death benefit cap percentage (currently 200%).

* Form number and availability may vary by state.



The enhanced death benefit is not available until after the death benefit waiting period (currently 2 years).

How is the Enhanced Death Benefit paid out?

Your beneficiary may elect to receive the enhanced death benefit amount to be paid out in either:

- a lump sum which is calculated as follows:
 - The excess, if any, of the enhanced death benefit base minus the contract value at death; multiplied by
 - 2. The death benefit lump sum payout percentage (currently 50%), plus
 - 3. The contract value on the date of your death.
- Or a series of equal periodic payments which is calculated as follows:
 - The enhanced death benefit base on the date of death; divided by
 - 2. The death benefit payout period (currently 5 years)

Option 4: Lifetime Income Benefit & Wellbeing Rider (13 R-LIBR-W.1)* -Available for issue age 50+.

This lifetime income option offers an IAV rate of 6.5%. In addition to the lifetime income benefit you also receive a wellbeing benefit. There is a rider fee of 0.75% of your contract value. This

fee is deducted from your contract value each year as long as the LIBR remains active. You will have the option to reset your income account value period. The company, may at time of reset, change the rider fee.

What is the Wellbeing Benefit?

A benefit which increases the amount of your LIB payment by the enhanced LIB withdrawal factor if you or your spouse (if joint life payout is selected) meet all seven of the eligibility requirements, outlined below:

- 1. This Rider must be in force;
- 2. The Enhanced LIB Waiting Period (currently 2 years) has elapsed;
- You (and your spouse, if applicable) are at least age 50 at election;
- 4. The current Contract Value is greater than zero;
- 5. You (or your spouse, if applicable) were able to perform all six Activities of Daily Living (ADL's) on the Effective Date of the Rider;
- 6. The Enhanced LIB has not been previously elected; and
- 7. You (or your spouse, if applicable) provide a licensed doctor's statement, on a form we provide, certifying that you (or your spouse) are now no longer able to perform two of the six ADL's without substantial assistance due to a permanent loss of functional capacity.

The six ADL's include bathing, dressing, transferring, toileting, continence, and eating. Your LIB payment will be increased for the duration of the enhanced LIB period (currently 5 years). The enhanced LIB period will elapse and no further Enhanced LIB will be payable after the expiration of the enhanced LIB period.

PLEASE NOTE: The wellbeing benefit is only available with the level payout option.

LIFETIME INCOME BENEFIT ELECTION

You may elect to receive LIB payments anytime after your first contract anniversary

or after you reach age 50, whichever is LATER. At the time you choose to begin LIB payments you may select either the single life or joint life payout option **and** either the level or increasing payment option. Once your LIB payments begin, these choices are locked in and may not be changed. Your LIB payments will be based on these selections, multiplied by the benefit payout percentage applicable to your age as shown in the table below.

LEVEL PAYMENT OPTION

With this option, your LIB payment equals your IAV on the day payments begin, multiplied by the benefit payout percentage for your age as shown in the table below.

Payee's	Single Life	Joint Life
Minimum	Payout	Payout
Age at election of LIB	Percentage	Percentage
50-54	3.5%	3.0%
55-59	4.0%	3.5%
60-64	4.5%	4.0%
65-69	5.0%	4.5%
70-74	5.5%	5.0%
75-79	6.0%	5.5%
80+	6.5%	6.0%

BENEFIT PAYOUT PERCENTAGE – LEVEL PAYMENT OPTION



INCREASING PAYMENT OPTION

With this option, your initial annual LIB payment equals the IAV multiplied by the benefit payout percentage for your age, as shown in the table below. Then, on each anniversary of the initial LIB date, the LIB payment amount will increase by the increasing payment percentage. The increasing payment percentage is set at contract issue, and guaranteed for the life of your contract. The current increasing payment percentage is 3%. This occurs each year until your contract value decreases to zero, at which point your LIB payment is frozen and remains level for the rest of your life.

Payee's	Single Life	Joint Life
Minimum	Payout	Payout
Age at election of LIB	Percentage	Percentage
50-54	2.5%	2.0%
55-59	3.0%	2.5%
60-64	3.5%	3.0%
65-69	4.0%	3.5%
70-74	4.5%	4.0%
75-79	5.0%	4.5%
80+	5.5%	5.0%

BENEFIT PAYOUT PERCENTAGE – INCREASING PAYMENT OPTION

SINGLE LIFE AND JOINT LIFE PAYOUT

At the time you elect to start receiving LIB payments, you may choose either a single life or a joint life payout with either the level payment option or the increasing payment option. With the single life option, payout factors are determined based on your age at time of payout election. With the joint payout option, the joint payee must be a legal spouse as defined under federal law and be at least 50 years old. We base LIB payment amounts on the age of the younger joint payee. We will make LIB payments until the death of the last surviving spouse.

EXCESS WITHDRAWALS

Any partial withdrawals taken from the contract value after LIB payments have started will reduce future LIB payment amounts. For example, an additional withdrawal of 5% of your contract value reduces your next LIB payment by 5%. If excess withdrawals reduce your contract value to below the miniumum value, as outlined in your contract, the rider terminates and your LIB payments stop. Surrender charges may apply to excess withdrawals, in addition to your LIB payment, that exceed your 10% annual penalty-free withdrawal available under the contract after the first anniversary.



How do excess withdrawals IMPACT my benefits? Withdrawals taken in addition to your lifetime income benefit payments are excess withdrawals. Excess withdrawals reduce subsequent annual lifetime income benefit payments on a pro-rata basis, and reduce your Income Account Values on a pro-rata basis.

For example: If your annual lifetime income benefit is \$5,000, you take an excess withdrawal of \$5,000 which is 5% of your contract and income account value of \$100,000 at the time of your excess withdrawal, the new annual lifetime income benefit is reduced by 5% to \$4,750 and your contract and income account value are reduced by \$5,000 to \$95,000.

PLEASE NOTE: LIB payments will reduce your contract value but are guaranteed for your life even if your contract value reduces to zero due solely to subtraction of LIB payments. However, withdrawals from your contract value in addition to LIB payments ("excess withdrawals") will reduce the amount of future LIB payments and may eliminate the LIB payments all together if the excess withdrawals reduce the contract value to below the minimum contract value allowed. In that event the rider will terminate and the LIB payments will stop.

REQUIRED MINIMUM DISTRIBUTIONS

LIBR is Required Minimum Distribution (RMD) friendly. If the LIB payment does not satisfy the RMD amount for your contract for that year then any amount withdrawn, to bring the LIB payment up to the RMD amount for that year, will not be considered an excess withdrawal.

DEATH OF OWNER

The rider terminates at the death of the Owner/Annuitant. The rider continues if the spouse is the sole beneficiary and meets the following conditions:

- If the Owner/Annuitant dies before LIB payments begin, the spouse may step in to the contract and the rider will continue with the contract; or
- If LIB payments have already begun, the surviving spouse is eligible to receive:
 - a) The current contract value in a lump sum or any other payout option available; or
 - b) The remaining income account value in a series of payments of up to 6% of the IAV based on spouse's age at date of step-in under the level payment option, until IAV is depleted to zero; or
 - c) May stop LIB payments and choose to restart them later based on the spouse's age at date of restart under the level payment option, up to a maximum of 6% of the remaining IAV annually, until the IAV is zero.

TAX TREATMENT

All LIB payments are considered a withdrawal from the contract value. Any withdrawal is subject to income taxation as outlined by the Internal Revenue Code. Additionally, the taxable portion of any withdrawal taken prior to age 59½ may be subject to a 10% penalty by the Internal Revenue Service for early withdrawal of deferred interest. Please contact your tax professional for additional information.

A Case Study

Let's explore a hypothetical case to see how the rider can provide for a lifetime income.

<u>Stan White</u>

- 55 year old male
- Savings: \$200,000
- Company sponsored pension starts age 65
- Expecting Social Security payments age 65
- No major expenses-no mortgage payments-daily living costs only **Goals**
 - Wants to retire at age 62 without his money running out
 - Doesn't want to start Social Security payments until age 65
 - Have enough income to supplement his savings, which he plans to live on from age 62 until Social Security and his pension payments start at age 65

Assumptions for all scenarios:

- No excess withdrawals are taken;
- \$100,000 single premium plus 10% premium bonus;
- No withdrawals prior to electing income; and
- Income is elected at the end of year seven when Stan turns age 62.

SCENARIO #1

After completing a fact-finding analysis of Stan's financial situation and goals, Stan's agent recommends taking \$100,000 of his savings to purchase an annuity with the LIBR, explaining that the guaranteed lifetime income he can receive starting at age 62, coupled with his remaining savings should be enough to get him to age 65. After that the guaranteed income the LIBR provides will help supplement his pension and Social Security income. Stan listens to what his agent says and feels this may be a good solution for his needs. However, he wants to see how the LIBR works.

Stan's agent explains how LIB payments are calculated. Stan's potential income is based on the increase in the income account value and his age at election of lifetime income. Stan's agent reminds him that the IAV is not an actual value in the traditional sense, rather an accounting value used to determine the amount of his Lifetime Income Benefit. Stan's IAV is calculated by taking:

- \$100,000 single premium plus 10% premium bonus; accumulating at
- 4.5% or 6.5% annually until payments begin.

The longer Stan waits to start LIB payments, the greater the accumulation of the IAV. Of course, if LIB payments are not elected, and the IAV period is reset, the IAV will continue to accumulate until the end of the IAV period. **Stan's agent also explains to him that the income account value is only accessible if Stan elects to start taking a lifetime income. Stan will not be able to withdraw a lump sum based on the IAV.**

Years IAV Accumulates	IAV @ 4.5%	IAV @ 6.5%
1	\$114,950	\$117,150
2	\$120,123	\$124,765
3	\$125,528	\$132,874
4	\$131,177	\$141,511
5	\$137,080	\$150,710
6	\$143,249	\$160,506
7	\$149,695	\$170,939

Stan wanted to see what options the LIBR provide him at his expected retirement at age 62. He also wants to know what the difference is between the Accumulation Options. He asked his agent to show him his:

- Income account value;
- LIB payments-both level and increasing;
- Contract Value; and
- Rider Fees paid for the IAV Accumulation Option 6.5%.

SCENARIO #1 – LEVEL PAYMENT OPTION

Option #1 –

- End of 7th Contract Year
- IAV accumulation option 4.5%
- Base contract's contract value accumulates 3% Annually*

IAV	Cumulative Rider Fee Charged	Contract Value	Guaranteed Income %	Annual LIB Payment (IAV x 4.5%)
\$149,695	\$0	\$135,286	4.5%	\$6,736

Option #2 -

- End of 7th contract year
- IAV accumulation option 6.5%
- Rider Fee 0.60% of contract value annually⁺
- Base contract's contract value accumulates 3% annually*

IAV	Cumulative Rider Fee Charged	Contract Value	Guaranteed Income %	Annual LIB Payment (IAV x 4.5%)
\$170,939	\$5,112	\$129,705	4.5%	\$7,692

* Hypothetical return; for illustration purposes only. Not a prediction of future performance.

⁺ The Rider Fee will continue to be taken against the contract value as long as the contract is in force or until the rider terminates.



A Case Study (Cont'd)

SCENARIO #2 – INCREASING PAYMENT OPTION

Stan liked what he saw, both his expected lifetime payment amounts, and the continued growth of his contract value. However, he was concerned about what inflation might do to his lifetime income and asked if there was some way to offset some of the effects of inflation.

Stan's agent then showed him how the increasing payment option works. Under this option LIB payments start and are calculated just as before. However, each year on the anniversary of starting LIB payments, the amount is increased by the increasing payment percent, as stated in the rider. This increase occurs each year, until the contract value reaches zero. At that point, the LIB payment amount is locked in for the rest of Stan's life.

Following is an example of what Stan would receive if he started increasing payment amounts at the beginning of the 8th year at the 4.5% IAV, with an increasing payment percentage of 3% each LIB date:

- Initial Premium \$100,000;
- Bonus 10%;
- No additional premiums;
- Annual interest rate of 3%* on contract value; and
- 4.5% IAV option.

Stan sees that each year his payment amount increased by 3% over the previous year's payment amount. He liked that this could help him off-set inflation to some extent. He saw that both the contract value and income account value decreased each year and wondered what would happen if either of them happened to decrease to zero. Stan's agent explained that as long as the only withdrawals taken are the annual LIB payments, that once the contract value becomes zero, his LIB payment will be locked in and remain level from that date for the rest of his life. He then showed Stan how that works, based on the above assumptions continuing:

 Hypothetical return; for demonstration purposes only. Not a prediction of future performance.

Age	Annual LIB Payment (IAV at start age x 3.5%) increasing 3% each year	Contract Value after Payment	IAV after Payment
61	None	\$135,286	\$149,695
62	\$5,239	\$133,948	\$144,455
63	\$5,396	\$132,408	\$139,059
64	\$5,558	\$130,655	\$133,501
65	\$5,725	\$128,678	\$127,775

Age	Annual LIB Payment (IAV at start age x 3.5%) increasing 3% each year	Contract Value after Payment	IAV after Payment
85	\$10,340	\$19,398	0
86	\$10,650	\$9,010	0
87	\$10,970	0	0
88+	\$10,970	0	0

The Lifetime Income Benefit (LIB) is available with your Contract if owner and annuitant are the same person. Based on the Income Account Value (IAV) Rate you choose, your IAV will grow at a predetermined rate to provide you with a lifetime of income in the future. The IAV is an accounting value used only to calculate your Lifetime Income Benefit. It is not part of your Contract Value and is not available for partial withdrawal or in a lump sum. You will not have access to the IAV unless you elect the Lifetime Income Benefit.

The Lifetime Income Benefit is available to you without a surrender charge and without having to annuitize your Contract. This means that you maintain control of all money accumulated in your Contract and can access that money at any time, with certain restrictions. This Disclosure is a summary of the key benefits and limitations; for more information please see the brochure and your Contract. The choice you make on this disclosure document may not be changed once the Contract is issued. Keep in mind your contract contains a free look period.

HOW MUCH INCOME CAN I GET?

That depends on several factors, including the premium paid and any applicable premium bonuses credited, the IAV Rate you choose, the amount of time the IAV grows, your age at the time payments begin, and the Income Option you choose. Please review your contract carefully and when the time comes, feel free to contact us to discuss potential payment options and amounts.

HOW IS THE INCOME ACCOUNT VALUE CALCULATED?

Your initial IAV is your total premium plus any applicable bonus. The IAV accumulates at the IAV Rate, which is set at issue, and continues to grow until payments begin or the end of the IAV Period, unless you submit a written request to reset.

WHEN CAN I BEGIN TAKING MY LIFETIME INCOME BENEFIT?

You may begin taking your Lifetime Income Benefit any time after the first contract anniversary or at age 50, whichever is later.

WHAT ARE THE DIFFERENT PAYOUT OPTIONS AVAILABLE?

When ready to elect a Lifetime Income Benefit, you may choose one of two available payout options, a Level Payment Option or an Increasing Payment Option. With the Level Payment Option, your LIB payment will typically remain the same. With the Increasing Payment Option, the amount of your annual LIB payment will increase by the Increasing Payment Percentage (currently 3%) on each anniversary of the initial LIB payment until your Contract Value decreases to zero at which point your LIB payment will remain level.

At the time you elect to start LIB payments, you may also choose either a Single Life or a Joint Life Payout. The Single Life Payout is based on your age at the time of election. For the Joint Life Payout option, LIB payment amounts are based on the youngest age of you or your spouse (must be at least age 50). For the Joint Life Payout option, we guarantee LIB payments until the death of the Surviving Spouse.

CAN THE LIFETIME INCOME BENEFIT CONTINUE UPON MY DEATH?

Yes. However, your spouse must be listed as sole primary beneficiary and the Spousal Continuation option must be processed in order to continue the Lifetime Income Benefit.

WILL I BE TAXED ON LIFETIME INCOME BENEFIT PAYMENTS?

Yes. All payments are considered a withdrawal from the Contract Value. Any part of the withdrawal that is deferred interest is taxable as income. If the Contract is a qualified plan, the entire amount of the withdrawal may be taxable. We calculate taxation of LIB payments as outlined in the Internal Revenue Code. The taxable portion of any withdrawal taken before age 59 ½ may be subject to an additional penalty of 10% by the Internal Revenue Service.

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CAN I TAKE OTHER WITHDRAWALS FROM MY ANNUITY?

Yes. You may take withdrawals anytime, either before or after beginning LIB payments. Refer to your contract or product disclosure for additional details. Withdrawals taken prior to beginning LIB payments reduce the Income Account Value on a pro-rata basis. A withdrawal after LIB payments start (Excess Withdrawal) will reduce future LIB payments by the same percentage the withdrawal reduces your Contract Value. If Excess Withdrawals reduce the Contract Value to below the minimum value as outlined in your Contract, the Rider terminates and LIB payments stop.

HOW DO EXCESS WITHDRAWALS IMPACT MY BENEFITS?

Withdrawals taken in addition to your LIB payments are Excess Withdrawals. Excess Withdrawals reduce subsequent LIB payments and your IAV on a pro-rata basis. In any one contract year if an Excess Withdrawal taken in addition to LIB payments exceeds the penalty-free amount allowed under your Contract, surrender charges may apply to the amount withdrawn.

CAN THIS RIDER BE TERMINATED?

Yes. This Rider may be terminated if you submit a written request to cancel the Rider. There are other ways this Rider may terminate, please see your contract for more details. Please note once terminated you cannot restart this rider.

WHAT IS THE OPTIONAL ENHANCED DEATH BENEFIT?

This benefit is only available after the end of the Death Benefit Waiting Period (currently two years). Your named Beneficiary has the option of receiving either the death benefit available under the Contract or the Enhanced Death Benefit available under this Rider. Your Enhanced Death Benefit Base is equal to the lesser of:

- 1. Your IAV on the date of your death; or
- 2. Your IAV on the date any Owner or Annuitant reaches the Maximum Age (currently 85); or
- 3. Your IAV on first contract anniversary multiplied by the Death Benefit Cap Percentage (currently 200%).

No Enhanced Death Benefit will be paid under this Rider if the Spousal Continuation option is processed. Your Beneficiary may elect to receive the Enhanced Death Benefit amount to be paid out in either a lump sum or a series of equal periodic payments over the Death Benefit Payout Period (currently 5 years).

WHAT IS THE OPTIONAL WELLBEING BENEFIT?

A benefit only available with the Level Payment Option which increases the amount of your LIB payment by the Enhanced LIB Withdrawal Factor if you or your spouse (if Joint Life Payout selected) meet all seven of the eligibility requirements, outlined below:

- 1. This Rider must be in force;
- 2. The Enhanced LIB Waiting Period has elapsed (currently two years);
- 3. You (and your spouse, if applicable) are at least age 50 at election;
- 4. The current Contract Value is greater than zero;
- You (or your spouse, if applicable) were able to perform all six Activities of Daily Living (ADL's) on the Effective Date of the Rider;
- 6. The Enhanced LIB has not been previously elected;
- 7. You (or your spouse, if applicable) provide a licensed doctor's statement, on a form we provide, certifying that you (or your spouse) are now no longer able to perform two of the six ADL's without substantial assistance due to a permanent loss of functional capacity.

The six ADL's include bathing, dressing, transferring, toileting, continence, and eating. Your LIB payment will be increased for the duration of the Enhanced LIB Period (currently 5 years). The Enhanced LIB Period will elapse and no further Enhanced LIB will be payable after the expiration of the Enhanced LIB Period.

AUTHORIZATION AND ACKNOWLEDGEMENT OF LIFETIME INCOME BENEFIT AND ACCUMULATION/BENEFIT OPTION CHOICE

I understand that this Rider provides a Lifetime Income option. I understand that I may choose one of the following options depending on my age at issue. I understand the choice I make on this disclosure document may not be changed once the Contract is issued.

CHOOSE ONE OPTION ONLY

Option 1: Lifetime Income Benefit Rider (ICC13 R-LIBR.1)*

Available to all issue ages

- By choosing this option I understand that:
 - My IAV Rate is 4.5%
 - There is **no Rider Fee** associated with this Option at the time of issue
 - If I choose to reset my IAV Period, as allowed under this Rider, the Company may at that time implement a Rider Fee and:
 - The Rider Fee will be declared by the Company at reset of my IAV period;
 - The Rider Fee will be deducted annually from my Contract Value on each Contract Anniversary as long as the Rider is in force; and
 - The Rider Fee will never be more than the Maximum Rider Fee (currently 2%)

(Owner's Initials)

I (we) have read the information explained above, and understand its content. By signing, I (we) acknowledge and understand the following:

- In choosing a Lifetime Income Benefit Option, as described above, I (we) have discussed my (our) financial status, tax status, current insurance products, and other information with my (our) agent and any other appropriate parties, and believe the Lifetime Income Benefit Option chosen may assist in meeting my (our) current financial needs and objectives.
- I (we) understand any values referred to in this and other documents, other than minimum guaranteed values and the contractual Income Account Values, are not guaranteed and are subject to change.
- I (we) understand the IAV Rate is simply a calculation method to arrive at what LIB payments will be. I (we) will not have access to the Income Account Value unless I (we) access the Lifetime Income Benefit. Further, I (we) understand the IAV is not available as a partial withdrawal or in a lump sum.

Date
Date
Date

Option 2: Lifetime Income Benefit Rider (ICC13 R-LIBR.1)*

<u>Available issue age 50+</u>

- By choosing this option I understand that:
 - My IAV Rate is 6.5%
 - I will incur a Rider Fee of 0.60% of my Contract Value which will be deducted on each Contract Anniversary as long as the Rider is in force, unless I choose to reset my IAV Period;
 - If I choose to reset my IAV Period, as allowed under the Rider, the Company may change the Rider Fee, and:
 - The Company will declare the new Rider Fee at the reset of my IAV Period; and
 - The Rider Fee will never be more than the Maximum Rider Fee (currently 2%)

(Owner's Initials)

Option 3: Lifetime Income Benefit & Enhanced Death Benefit Rider (13 R-LIBR-EDB.1)*

<u>Available all issue ages</u>

By choosing this option I understand that:

- My IAV Rate is 4.5%;
- This Rider provides an Enhanced Death Benefit in place of, and **not in addition to**, the death benefit available under the Contract.
- I will incur a Rider Fee of 0.70% of my Contract Value which will be deducted on each Contract Anniversary as long as the Rider is in force, unless I choose to reset my IAV Period;
- If I choose to reset my IAV Period, as allowed under the Rider, the Company may change the Rider Fee, and:
 - The Company will declare the new Rider Fee at the reset of my IAV Period; and
 - The Rider Fee will never be more than the Maximum Rider Fee (currently 3%)

(Owner's Initials)

Option 4: Lifetime Income Benefit & Wellbeing Rider (13 R-LIBR-W.1)*

<u>Available issue age 50+</u>

By choosing this option I understand that:

- My IAV Rate is 6.5%;
- The Wellbeing Benefit can only be activated one time, and is only available with the Level Payment Option;
- I am (or my spouse is) able to perform all six ADL's as of the day this form was signed.
- I will incur a Rider Fee of 0.75% of my Contract Value which will be deducted on each Contract Anniversary as long as the Rider is in force, unless I choose to reset my IAV Period;
- If I choose to reset my IAV Period, as allowed under the Rider, the Company may change the Rider Fee, and:
 - The Company will declare the new Rider Fee at the reset of my IAV Period; and
 - The Rider Fee will never be more than the Maximum Rider Fee (currently 3%)

(Owner's Initials)

*Form number and availability may vary by state. Call our Marketing Department for current availability.

> American Equity Investment Life Insurance Company P.O. Box 71216 Des Moines, Iowa 50325 www.american-equity.com 888-221-1234



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The Lifetime Income Benefit (LIB) is available with your Contract if owner and annuitant are the same person. Based on the Income Account Value (IAV) Rate you choose, your IAV will grow at a predetermined rate to provide you with a lifetime of income in the future. The IAV is an accounting value used only to calculate your Lifetime Income Benefit. It is not part of your Contract Value and is not available for partial withdrawal or in a lump sum. You will not have access to the IAV unless you elect the Lifetime Income Benefit.

The Lifetime Income Benefit is available to you without a surrender charge and without having to annuitize your Contract. This means that you maintain control of all money accumulated in your Contract and can access that money at any time, with certain restrictions. This Disclosure is a summary of the key benefits and limitations; for more information please see the brochure and your Contract. The choice you make on this disclosure document may not be changed once the Contract is issued. Keep in mind your contract contains a free look period.

HOW MUCH INCOME CAN I GET?

That depends on several factors, including the premium paid and any applicable premium bonuses credited, the IAV Rate you choose, the amount of time the IAV grows, your age at the time payments begin, and the Income Option you choose. Please review your contract carefully and when the time comes, feel free to contact us to discuss potential payment options and amounts.

HOW IS THE INCOME ACCOUNT VALUE CALCULATED?

Your initial IAV is your total premium plus any applicable bonus. The IAV accumulates at the IAV Rate, which is set at issue, and continues to grow until payments begin or the end of the IAV Period, unless you submit a written request to reset.

WHEN CAN I BEGIN TAKING MY LIFETIME INCOME BENEFIT?

You may begin taking your Lifetime Income Benefit any time after the first contract anniversary or at age 50, whichever is later.

WHAT ARE THE DIFFERENT PAYOUT OPTIONS AVAILABLE?

When ready to elect a Lifetime Income Benefit, you may choose one of two available payout options, a Level Payment Option or an Increasing Payment Option. With the Level Payment Option, your LIB payment will typically remain the same. With the Increasing Payment Option, the amount of your annual LIB payment will increase by the Increasing Payment Percentage (currently 3%) on each anniversary of the initial LIB payment until your Contract Value decreases to zero at which point your LIB payment will remain level.

At the time you elect to start LIB payments, you may also choose either a Single Life or a Joint Life Payout. The Single Life Payout is based on your age at the time of election. For the Joint Life Payout option, LIB payment amounts are based on the youngest age of you or your spouse (must be at least age 50). For the Joint Life Payout option, we guarantee LIB payments until the death of the Surviving Spouse.

CAN THE LIFETIME INCOME BENEFIT CONTINUE UPON MY DEATH?

Yes. However, your spouse must be listed as sole primary beneficiary and the Spousal Continuation option must be processed in order to continue the Lifetime Income Benefit.

WILL I BE TAXED ON LIFETIME INCOME BENEFIT PAYMENTS?

Yes. All payments are considered a withdrawal from the Contract Value. Any part of the withdrawal that is deferred interest is taxable as income. If the Contract is a qualified plan, the entire amount of the withdrawal may be taxable. We calculate taxation of LIB payments as outlined in the Internal Revenue Code. The taxable portion of any withdrawal taken before age 59 $\frac{1}{2}$ may be subject to an additional penalty of 10% by the Internal Revenue Service.

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CAN I TAKE OTHER WITHDRAWALS FROM MY ANNUITY?

Yes. You may take withdrawals anytime, either before or after beginning LIB payments. Refer to your contract or product disclosure for additional details. Withdrawals taken prior to beginning LIB payments reduce the Income Account Value on a pro-rata basis. A withdrawal after LIB payments start (Excess Withdrawal) will reduce future LIB payments by the same percentage the withdrawal reduces your Contract Value. If Excess Withdrawals reduce the Contract Value to below the minimum value as outlined in your Contract, the Rider terminates and LIB payments stop.

HOW DO EXCESS WITHDRAWALS IMPACT MY BENEFITS?

Withdrawals taken in addition to your LIB payments are Excess Withdrawals. Excess Withdrawals reduce subsequent LIB payments and your IAV on a pro-rata basis. In any one contract year if an Excess Withdrawal taken in addition to LIB payments exceeds the penalty-free amount allowed under your Contract, surrender charges may apply to the amount withdrawn.

CAN THIS RIDER BE TERMINATED?

Yes. This Rider may be terminated if you submit a written request to cancel the Rider. There are other ways this Rider may terminate, please see your contract for more details. Please note once terminated you cannot restart this rider.

WHAT IS THE OPTIONAL ENHANCED DEATH BENEFIT?

This benefit is only available after the end of the Death Benefit Waiting Period (currently two years). Your named Beneficiary has the option of receiving either the death benefit available under the Contract or the Enhanced Death Benefit available under this Rider. Your Enhanced Death Benefit Base is equal to the lesser of:

- 1. Your IAV on the date of your death; or
- 2. Your IAV on the date any Owner or Annuitant reaches the Maximum Age (currently 85); or
- 3. Your IAV on first contract anniversary multiplied by the Death Benefit Cap Percentage (currently 200%).

No Enhanced Death Benefit will be paid under this Rider if the Spousal Continuation option is processed. Your Beneficiary may elect to receive the Enhanced Death Benefit amount to be paid out in either a lump sum or a series of equal periodic payments over the Death Benefit Payout Period (currently 5 years).

WHAT IS THE OPTIONAL WELLBEING BENEFIT?

A benefit only available with the Level Payment Option which increases the amount of your LIB payment by the Enhanced LIB Withdrawal Factor if you or your spouse (if Joint Life Payout selected) meet all seven of the eligibility requirements, outlined below:

- 1. This Rider must be in force;
- 2. The Enhanced LIB Waiting Period has elapsed (currently two years);
- 3. You (and your spouse, if applicable) are at least age 50 at election;
- 4. The current Contract Value is greater than zero;
- You (or your spouse, if applicable) were able to perform all six Activities of Daily Living (ADL's) on the Effective Date of the Rider;
- 6. The Enhanced LIB has not been previously elected;
- 7. You (or your spouse, if applicable) provide a licensed doctor's statement, on a form we provide, certifying that you (or your spouse) are now no longer able to perform two of the six ADL's without substantial assistance due to a permanent loss of functional capacity.

The six ADL's include bathing, dressing, transferring, toileting, continence, and eating. Your LIB payment will be increased for the duration of the Enhanced LIB Period (currently 5 years). The Enhanced LIB Period will elapse and no further Enhanced LIB will be payable after the expiration of the Enhanced LIB Period.

AUTHORIZATION AND ACKNOWLEDGEMENT OF LIFETIME INCOME BENEFIT AND ACCUMULATION/BENEFIT OPTION CHOICE

I understand that this Rider provides a Lifetime Income option. I understand that I may choose one of the following options depending on my age at issue. I understand the choice I make on this disclosure document may not be changed once the Contract is issued.

CHOOSE ONE OPTION ONLY

Option 1: Lifetime Income Benefit Rider (ICC13 R-LIBR.1)*

Available to all issue ages

- By choosing this option I understand that:
 - My IAV Rate is 4.5%
 - There is **no Rider Fee** associated with this Option at the time of issue
 - If I choose to reset my IAV Period, as allowed under this Rider, the Company may at that time implement a Rider Fee and:
 - The Rider Fee will be declared by the Company at reset of my IAV period;
 - The Rider Fee will be deducted annually from my Contract Value on each Contract Anniversary as long as the Rider is in force; and
 - The Rider Fee will never be more than the Maximum Rider Fee (currently 2%)

(Owner's Initials)

I (we) have read the information explained above, and understand its content. By signing, I (we) acknowledge and understand the following:

- In choosing a Lifetime Income Benefit Option, as described above, I (we) have discussed my (our) financial status, tax status, current insurance products, and other information with my (our) agent and any other appropriate parties, and believe the Lifetime Income Benefit Option chosen may assist in meeting my (our) current financial needs and objectives.
- I (we) understand any values referred to in this and other documents, other than minimum guaranteed values and the contractual Income Account Values, are not guaranteed and are subject to change.
- I (we) understand the IAV Rate is simply a calculation method to arrive at what LIB payments will be. I (we) will not have access to the Income Account Value unless I (we) access the Lifetime Income Benefit. Further, I (we) understand the IAV is not available as a partial withdrawal or in a lump sum.

Date
Date
Date

Option 2: Lifetime Income Benefit Rider (ICC13 R-LIBR.1)*

<u>Available issue age 50+</u>

- By choosing this option I understand that:
 - My IAV Rate is 6.5%
 - I will incur a Rider Fee of 0.60% of my Contract Value which will be deducted on each Contract Anniversary as long as the Rider is in force, unless I choose to reset my IAV Period;
 - If I choose to reset my IAV Period, as allowed under the Rider, the Company may change the Rider Fee, and:
 - The Company will declare the new Rider Fee at the reset of my IAV Period; and
 - The Rider Fee will never be more than the Maximum Rider Fee (currently 2%)

(Owner's Initials)

Option 3: Lifetime Income Benefit & Enhanced Death Benefit Rider (13 R-LIBR-EDB.1)*

<u>Available all issue ages</u>

By choosing this option I understand that:

- My IAV Rate is 4.5%;
- This Rider provides an Enhanced Death Benefit in place of, and **not in addition to**, the death benefit available under the Contract.
- I will incur a Rider Fee of 0.70% of my Contract Value which will be deducted on each Contract Anniversary as long as the Rider is in force, unless I choose to reset my IAV Period;
- If I choose to reset my IAV Period, as allowed under the Rider, the Company may change the Rider Fee, and:
 - The Company will declare the new Rider Fee at the reset of my IAV Period; and
 - The Rider Fee will never be more than the Maximum Rider Fee (currently 3%)

(Owner's Initials)

Option 4: Lifetime Income Benefit & Wellbeing Rider (13 R-LIBR-W.1)*

<u>Available issue age 50+</u>

By choosing this option I understand that:

- My IAV Rate is 6.5%;
- The Wellbeing Benefit can only be activated one time, and is only available with the Level Payment Option;
- I am (or my spouse is) able to perform all six ADL's as of the day this form was signed.
- I will incur a Rider Fee of 0.75% of my Contract Value which will be deducted on each Contract Anniversary as long as the Rider is in force, unless I choose to reset my IAV Period;
- If I choose to reset my IAV Period, as allowed under the Rider, the Company may change the Rider Fee, and:
 - The Company will declare the new Rider Fee at the reset of my IAV Period; and
 - The Rider Fee will never be more than the Maximum Rider Fee (currently 3%)

(Owner's Initials)

*Form number and availability may vary by state. Call our Marketing Department for current availability.

> American Equity Investment Life Insurance Company P.O. Box 71216 Des Moines, Iowa 50325 www.american-equity.com 888-221-1234



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SCENARIO #3 – ENHANCED DEATH BENEFIT OPTION

Stan wasn't sure he needed the income but wanted to make sure he passed on as much of this money as possible at his death. Stan's agent then explained the lifetime income benefit with enhanced death benefit option to him. This option gives Stan the income account value growth at 4.5% if at some point Stan decides to turn on income. However this option also provides an enhanced death benefit to Stan's beneficiary if Stan passes away. This option has an annual fee of 0.70% of the contract value. Stan must weigh the cost with the benefits.

Stan's agent explains that if Stan passes away after the waiting period of 2 years, his beneficiary will receive the lesser of his IAV on the date of his death, the IAV on the date Stan reaches age 85 (Maximum Age) or the IAV on the first contract anniversary multiplied by 200% (death benefit cap percentage). Stan also learned that his beneficiary has the option to receive this death benefit in a lump sum or a series of equal periodic payments. Stan's agent showed him an example of what those payments could look like. Because it is unknown how Stan's contract value will grow his agent assumed zero growth.

End of Contract Year	Age	Contract Value Death Benefit	IAV	Death Benefit 5 Year Payout	Death Benefit Lump Sum Payout
5	60	\$106,952	\$137,080	\$137,080	\$122,016
10	65	\$103,261	\$170,827	\$170,827	\$137,044
15	70	\$110,020	\$212,881	\$212,881	\$161,451
20	75	\$118,523	\$265,289	\$229,900	\$174,212

SCENARIO #4 – WELLBEING OPTION

Stan then thought that the income from this portion of his money was important and wondered what would happen if he needed more income because of additional medical costs. Stan's agent then explained the lifetime income benefit and wellbeing option. This option gives Stan the income account value growth at 6.5% as well as an increase in his LIB payments if certain requirements were met. This option has an annual fee of 0.75% of the contract value. Stan must weigh the cost with the benefits. Stan's agent explains to him that if sometime after the waiting period of 2 years Stan is unable to do 2 of the 6 activities of daily living, his LIB payment percentage will increase 200% for 5 years (the enhanced LIB period). After 5 years or if his eligibility requirements are no longer met, Stan's LIB payments will go back to the original calculation. Stan was informed that the wellbeing benefit was only available with the level payout option. Stan's agent showed him an example of what those enhanced LIB payments could look like if turned on at various ages.

End of Contract Year	Age	IAV	Guaranteed annual Payment	Wellbeing Payment
5	60	\$150,710	\$6,782	\$13,564
10	65	\$206,485	\$10,324	\$20,648
15	70	\$282,903	\$15,560	\$31,120
20	75	\$387,601	\$23,256	\$46,512

American Equity's

for a secure Retirement

Lifetime Income Benefit Rider

with Enhanced Death Benefit or (13 R-LIBR-EDB.1)* Wellbeing Rider (13 R-LIBR-W1)*

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 indexed 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.

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

- * Form number and availability may vary by state.
- ⁺ Source: AnnuitySpecs.com's Indexed Sales & Market Report, 3Q2012.

D.J. Noble, Executive Chairman







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A- Excellent

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