



December 15, 2010

To All American Equity Agents,

In the insurance world we believe that policyholders, producers and companies all need to be treated equitably for the long-term success of the three. American Equity's track record demonstrates our belief in this concept of the three-legged stool. We have maintained excellent current and renewal rates to the policyholders. While we changed our commission structure in 2009, total commissions were not reduced for our producers. Meanwhile, American Equity has enjoyed solid profits.

Today's economic environment remains very challenging due to historically low interest rates forcing insurance companies to make sweeping changes. Some companies place much of the burden from these changes on the policyholders and producers. American Equity will be making multiple changes to our portfolio in January. However, we will protect the integrity of the three-legged stool by spreading the cost of these changes to all legs ensuring everyone's long-term success and stability.

Current interest rates, caps and participation rate change

Rates for new policies will be reduced effective January 10, 2011. See the enclosed grid for complete details. Today's investment yields indicate that rates should be reduced even lower than stated. However, we felt it was very important to keep the rates competitive with other safe money alternatives. At what point does "under the mattress" sound better than a fixed annuity?

Other product changes being made concurrently

1. The Retirement Gold and Premier Eagle 12 Premium Bonus will be reduced from 10% to 9%.
2. The LIBR-2010 roll up interest rate will be reduced from 8% to 7%. The fee will remain at 60 basis points. The 5% roll up interest rate will remain as is with no fee.
3. The F-LIBR roll up interest rate will be reduced from 8% to 7%. The fee will remain at 30 basis points. The 5% roll up interest rate will remain as is with no fee.
4. The Minimum Guaranteed Interest Rate on all products will be reduced to 1.5%, except where the policy form precludes such a reduction.

Commission change

Commissions payable on the first and second policy anniversaries will be reduced by the elimination of the interest component of those payments. For the typical producer this will amount to approximately \$200 in commission per \$100,000 of premium. Your first year commission will remain the same. This change is for new policies effective January 10, 2011.

Please read the enclosed memorandum carefully. It gives complete details for all rate adjustments and effective dates for the changes outlined above. You can also contact our Marketing Department with any questions.

We certainly don't have any control over the current economic environment; but we will do everything possible to protect the integrity of the three-legged stool during this difficult time.

Thank you very much for your business and support of American Equity.

Sincerely,

Ron Grensteiner
President

Some good news...we have no plans to adjust existing policyholder renewal rates at this time.





MARKETING MEMO

Date: December 15, 2010
To: American Equity NMO's and Agents
From: James Jones, Vice President – Marketing Services
Re: Changes Effective January 10, 2011

Important Information – Please Read Carefully!

Please note the following changes effective January 10th, 2011:

- *Rate Changes
- *Cap Changes
- *Premium Bonus Change on the Retirement Gold
- *Lifetime Income Benefit Rider IAV Rate Change

To receive Current Rates, IAV Rate, Premium Bonus, Commission Structure, and Minimum Guarantee Interest Rates original applications must be received in our office by 1pm CT on Friday, January 7th, 2011. No faxes will be accepted. 1035 and Direct Transfer funds must be received in our office by 1pm CT on Friday, February 4th, 2011. Transfer funds received after February 4th will receive the new rates as outlined below. New disclosures may be required.

NO EXCEPTIONS!

The following Cap and Interest Rate adjustments are being made effective January 10, 2011.		CURRENT RATES	NEW RATES
INTEREST CREDITING METHODS	Annual Monthly Average w/ Cap	5.75%	4.75%
	Annual Point to Point w/ Cap	5.75%	4.75%
	Monthly Point to Point Cap	2.60%	2.00%
	Fixed Value	2.70%	2.25%
	Minimum Guaranteed Interest Rate	3.00%	1.50%
MGIR	Min Gtd Interest Rate (Bonus Gold –DE)	3.00%	2.25%
The above stated rates will affect the following products: Bonus Gold (Index-1-07, Index-1-05, and Index-7-05-OK), Bonus 5 (Index-3-07-WA), 10/10 Gold/Millennium Platinum (Index-6-05) and Integrity Gold (INDEX-5-07). Form numbers may vary by state. Please refer to the Product Profile (Form #1031) for specific crediting options available on each product & State Approval Chart (Form #1025) for product availability.			
Advantage Gold & Security Gold (Index-6-07 & Index-5-10)		CURRENT RATES	NEW RATES
INTEREST CREDITING METHODS	Annual Monthly Average w/ Cap	5.25%	4.25%
	Annual Point to Point w/ Cap	5.25%	4.25%
	Monthly Point to Point Cap	2.40%	1.80%
	Fixed Value	2.60%	2.10%
	Minimum Guaranteed Interest Rate	3.00%	1.50%
MGIR	Min Gtd Interest Rate (Advantage Gold – TX)	3.00%	3.00%

Retirement Gold & Benefit Gold (Index-2-09, Index-4-10-FL, RG-FIA-09, and ICC10 IDX-110)		CURRENT RATES	NEW RATES
INTEREST CREDITING METHODS	Annual Point to Point w/ Cap	5.25%	4.25%
	Annual Monthly Average w/ Cap	5.25%	4.25%
	Monthly Point to Point Cap	2.40%	1.80%
	Fixed Value	2.50%	2.00%
	Minimum Guaranteed Interest Rate	2.25%	1.50%
MGIR	Min Gtd Interest Rate (Retirement Gold – TX)	3.00%	3.00%

The following Fixed Interest Rate changes are being made effective January 10th, 2011.

PRODUCT	CURRENT BASE RATE	NEW BASE RATE	NEW MGIR
FPDA-10	3.00%	2.25%	1.50%
Premier Eagle 10 (FPDA-7-08)	2.70%	2.25%	1.50%
Premier Eagle 12 (FRG-2-09)	2.50%	2.00%	1.00% (No Change)

The following changes are being made to our Lifetime Income Benefit Riders effective January 10, 2011:

PRODUCT	CURRENT IAV RATE	NEW IAV RATE
LIBR-2010 w/ .60% Fee	8.00%	7.00%
LIBR-2010 w/ No Fee	5.00%	5.00% (NO CHANGE)
F-LIBR-09 w/ .30% Fee	8.00%	7.00%
F-LIBR-09 w/ No Fee	5.00%	5.00% (NO CHANGE)

The following changes are being made to the Premium Bonus on the following products effective January 10, 2011:

PRODUCT	CURRENT PREMIUM BONUS	NEW PREMIUM BONUS
Retirement Gold (Index-2-09 and Index-4-10-FL)	10.00%	9.00%
Premier Eagle 12 (FRG-2-09)	10.00%	9.00%

As always, we appreciate your continued business and support! For additional information about these changes, please refer to the letter from our President, Ron Grensteiner, call us at the number listed below or visit our website. Thank you!

For More Information, Call Marketing
888-647-1371



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People Service Future

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