

# Understanding Guaranteed Minimum Surrender Value

## for fixed-indexed annuities from Great American Life

Fixed-indexed annuities from Great American Life® help provide financial security with protection from loss. Unless clients take money out of their contract, the account value (AV) will not go down. Additionally, fixed-indexed annuities offer a Guaranteed Minimum Surrender Value (GMSV) that is beneficial when a strategy earns 0% interest due to a flat or declining market. Clients will never receive less than the GMSV for surrenders, annuitizations and death benefit payments.

Here's how we calculate the AV, surrender value (SV) and GMSV:

100% of purchase payments	+	Interest credited at declared and/or indexed interest rate	-	Any withdrawals and early withdrawal charges	=	AV
				AV	-	Early withdrawal charge = SV
100% of purchase payments	+	Interest credited daily at a guaranteed minimum rate stated in the contract	-	Any withdrawals and early withdrawal charges	-	Early withdrawal charge rate multiplied by the AV = GMSV

**Note:** The amount payable upon surrender, applied upon annuitization, or payable as the death benefit is reduced by any loan balance, applicable rider charges and applicable premium taxes.

### Hypothetical example

The following hypothetical example illustrates how we determine the amount payable upon surrender by comparing the GMSV and SV.

- Your client purchases a fixed-indexed annuity with a \$100,000 purchase payment, and allocates 100% of the purchase payment to the annual point-to-point indexed strategy.
- The indexed strategy earns zero interest in contract years one through four.
- Your client does not take any withdrawals during this period. No loans are outstanding and no rider charges or premium taxes apply.
- A 5% early withdrawal charge applies. The free withdrawal allowance is 10%.

Assuming a 1% guaranteed minimum rate, the annuity would have the following values at the start of contract year five:

\$100,000 purchase payment	+	\$0 indexed interest	-	\$0 withdrawals	=	\$100,000 AV
\$100,000	-	\$4,500 early withdrawal charge (5% of \$90,000)	=	\$95,500 SV		
\$100,000 purchase payment	+	\$4,060 interest (1% compounded annually)	-	\$0 withdrawals	-	\$5,000 (5% of \$100,000) = \$99,060 GMSV
If surrendered, client will receive greater of:		\$99,060 GMSV	OR	\$95,500 SV		

**Not all products feature a GMSV that uses 100% of purchase payments.** Refer to the Product Reference Guide for details. Products issued by Great American Life Insurance Company® (Cincinnati, Ohio), a wholly owned subsidiary of MassMutual. All guarantees subject to the claims-paying ability of Great American Life. Copyright © 2021 by Great American Life Insurance Company. All rights reserved.

Great American® appearing with the Great American Logo is a registered trademark of Great American Insurance Company and is used under license.