

Strategy Overview: Monthly Averaging With Cap

A monthly averaging strategy measures index change by comparing the average of the monthly closing S&P 500® values during the term to the closing S&P 500¹ value on the first day of that term. Averaging the monthly values over the term protects you against severe declines in the S&P 500. Alternatively, averaging may reduce the amount of interest you would earn when the index is rising.

Strategy concept

By assigning money to this strategy, your annuity can be protected from market volatility by averaging each month's S&P 500 value. Plus, no matter how the S&P 500 performs, your indexed interest rate will never be negative.

With this strategy, the measured change of the index is reduced by a 0% index spread and has a 100% participation rate.² Therefore, your money is credited 100% of the measured index change, up to the cap. Please see your contract for the maximum (cap) interest rate that will be applied.

Understanding this strategy

$$\left(\frac{\text{Average monthly value} - \text{Beginning value}}{\text{Beginning value}} - \text{0\% index spread} \right) \times \text{100\% participation rate} = \text{Average indexed interest rate}$$

Cap
 ↓
 Average indexed interest rate
 ↑
 Floor³ = 0%

Hypothetical example

The following example shows the account value for a scenario with a \$10,000 purchase payment in the monthly averaging with cap strategy.

Term: 1 year	Hypothetical index values
Index spread: 0%	Beginning value: 1,150.50
Participation rate: 100%	Ending value: 1,203.03
Cap: 10%	Monthly average value: 1,197.3

Account value calculation		Monthly averaging with cap
		Indexed
Purchase payment		\$10,000
Index change	Monthly averaging index change = (monthly average - beg. value) / beg. value = (1,197.37 - 1,150.50) / 1,150.50	4.07%
	Indexed interest rate	
	Index spread	0.00%
	Participation rate	100%
	Indexed interest rate	4.07%
	Interest credited	\$407
	Account value	\$10,407

This example assumes that the purchase payment is submitted on a day when money is moved into interest strategies, and the effects of any applicable bonus are not illustrated.

The monthly averaging with cap indexed strategy credited an indexed interest rate of 4.07%, which falls between the cap and zero. This is one strategy that may be available on your fixed-indexed annuity. Ask your financial professional for details on the strategies offered.

Your purchase of an annuity from Annuity Investors® Life comes with:

- The security of a life insurance company rated "A" (excellent) by A.M. Best. This is the third highest of 16 ratings.
- The ability to receive a stream of payments you cannot outlive.
- A guaranteed minimum surrender value.
- Extended care and terminal illness waivers⁴ to provide flexibility in case of unforeseen events.

See the reverse side for additional information about this example



Uncomplicate Retirement®



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When you buy a fixed-indexed annuity, you own an insurance contract. You are not buying shares of any stock or index. You cannot invest directly in an index. In a volatile market, a low monthly cap coupled with no monthly floor may result in:

- > 0% credited interest for the year even though the index itself has a positive return for the year.
- > lower credited interest than other fixed-indexed annuity crediting strategies during the same period of time.

In a non-volatile market, a low monthly cap coupled with no monthly floor may result in higher credited interest than other fixed-indexed annuity crediting strategies during the same period of time.

A.M. Best Rating affirmed August 17, 2018.

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² Not applicable on all products.

³ Referred to as base interest rate in some contracts.

⁴ Waivers not available in all states.

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