GREAT AMERICAN LIFE INSURANCE CO.
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It pays to keep things simple.®

Understanding The Impact Of Withdrawals

With An Index Frontier Annuity

When your clients purchase an Index Frontier registered index-linked annuity, they will have access to a portion of their money each year without charges. However, it's important to keep in mind that withdrawals taken prior to the end of a one-year term will impact their indexed strategy values. The examples show what could happen if your clients decide to take a withdrawal in the middle of a term.

What happens if my client takes a withdrawal from a -10% floor strategy when the index is rising?

The following example assumes:

- $100,000 is allocated to a -10% floor indexed strategy that offers a 12% cap for the term
- The client takes a penalty-free $10,000 withdrawal in month seven, so gains are subject to a 50% vesting factor
- At the time of the withdrawal, the index is up 4%
- At the end of the term, the index is up 6%

1. Determine the vested gain

+4% index change at time of withdrawal **X** **50%** vesting factor **=** **2%** vested gain

$100,000 x 2% = $2,000 vested gain

2. Determine the strategy value reduction

$10,000 withdrawal **/** **$102,000** starting investment base + vested gain **=** **9.80%** reduction

3. Determine the investment base proportional reduction

$100,000 starting investment base **X** **9.80%** reduction **=** **$9,800** investment base reduction

4. Determine the strategy value at the end of the term

$90,200 investment base after withdrawal **+** **$5,412** vested gain **=** **$95,612** ending strategy value

$90,200 x 6% = $5,412 vested gain

What happens if my client takes a withdrawal from a -10% floor strategy when the index is falling?

The following example assumes:

- $100,000 is allocated to a -10% floor indexed strategy that offers a -10% floor for the term
- The client takes a penalty-free $10,000 withdrawal in month seven, so losses are subject to a 100% vesting factor
- At the time of the withdrawal, the index is down 4%
- At the end of the term, the index is up 6%

Note that a vesting factor does not apply when the vested loss is calculated. This means that 100% of the index change is taken into account when calculating the vested loss.

1. Determine the vested loss

-4% index change at time of withdrawal **X** **100%** **=** **4%** vested loss

$100,000 x -4% = $4,000 vested loss

2. Determine the strategy value reduction

$10,000 withdrawal **/** **$96,000** starting investment base - vested loss **=** **10.42%** reduction

3. Determine the investment base proportional reduction

$100,000 starting investment base **X** **10.42%** reduction **=** **$10,417** investment base reduction

4. Determine the strategy value at the end of the term

$89,583 investment base after withdrawal **+** **$5,375** vested gain **=** **$94,958** ending strategy value

$89,583 x 6% = $5,375 vested gain

What happens if my client takes a withdrawal from a buffer strategy when the index is falling?

The following example assumes:

- $100,000 is allocated to a 10% buffer strategy that offers a 10% buffer for the term
- The client takes a penalty-free $10,000 withdrawal on day 146 of the term
- At the time of the withdrawal, the index is down 15%
- And the end of the term, the index is up 6%

How does the withdrawal affect the ending strategy value?

In all three examples, the vested gain at the end of the term is calculated using the reduced investment base. This means the vested gain is smaller than it would have been if your client had not taken a withdrawal. Likewise, if the index change had been negative at the end of the term, the vested loss at the end of the term would have been smaller. It is not possible to determine the full impact of a mid-term withdrawal until the end of the term.

1. Determine the vested loss

-15% index change at time of withdrawal + **4%** prorated buffer on day 146 of term = **11%** vested loss

10% buffer x (146 / 365) = 4% buffer

2. Determine the strategy value reduction

$10,000 withdrawal / **$89,000** starting investment base - vested loss = **11.23%** reduction

3. Determine the investment base proportional reduction

$100,000 starting investment base x **11.23%** reduction = **$11,235** investment base reduction

4. Determine the strategy value at the end of the term

$88,765 investment base after withdrawal + **$5,325** vested gain = **$94,090** ending strategy value

$88,765 x 6% = $5,325 vested gain

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Annuities are intended to be long-term products and may not be suitable for all investors. Withdrawals from an annuity contract may have tax consequences. Please refer to the product overview for more details on vesting factors and vested gains and losses.

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