

# AMERICAN FREEDOM<sup>®</sup> STARS & STRIPES<sup>SM</sup>

*Seven-year term*



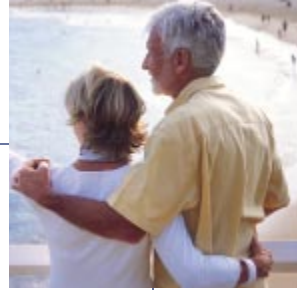
  
**GREATAMERICAN.**  
LIFE INSURANCE COMPANY

## **Building Lifestyle Security<sup>®</sup>**

You've worked hard for what you have. Wouldn't you like the freedom to enjoy your retirement with financial peace of mind?

At Great American Life Insurance Company<sup>®</sup>, we concentrate on one very important aspect of your life—making your future years more secure. And because we specialize in annuities, we understand how important long-term security is to your retirement. We are committed to offering products that provide financial peace of mind with safety, stability and tax advantages.

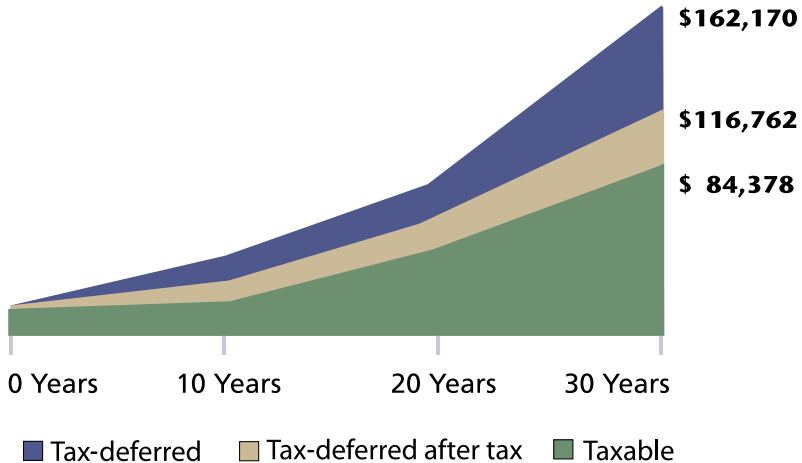
The American Freedom<sup>®</sup> Stars & Stripes<sup>SM</sup> annuity, unlike many other financial vehicles, will guard the wealth you've built over your lifetime. You can rest assured that the financial strength of Great American Life<sup>®</sup> can provide the lifestyle security that you desire.



## The Advantage of Tax-Deferral

One of the greatest benefits of an annuity is that the interest credited to your annuity is completely untouched by current federal income tax during the accumulation period. As a result of tax-deferral, interest is compounded and your investment grows at a faster rate. You pay no taxes until you begin to receive income payments or make a withdrawal.

The chart below illustrates the dramatic power of tax-deferred growth:



*Graph illustrates the difference tax-deferred compounding can make over the long-term growth of an assumed \$50,000 non-qualified contribution in a taxable and tax-deferred savings vehicle, assuming a 4% interest rate and a combined state and federal tax rate of 28%. Distributions (including withdrawals) are subject to taxation, and those prior to age 59½ may be subject to a 10% tax penalty and other restrictions. This example does not describe a specific insurance or financial product. A lower interest rate would reduce the favorable effects of deferring taxes, and a higher interest rate would increase them.*



## Interest Rates

The American Freedom® Stars & Stripes<sup>SM</sup> gives you the peace of mind of a product that will safely grow in value, while protecting your initial investment.

With the American Freedom Stars & Stripes, the current interest rate that is in effect on the date your annuity contract is issued remains locked-in for the duration of your seven-year term.

Please check with your agent for details on your first-year interest rate and your state's guaranteed minimum interest rate.

### Additional First-Year Interest Rate<sup>1</sup>

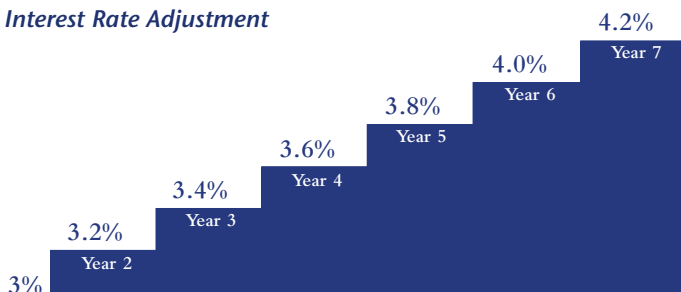
As an added benefit to help secure your financial future, Great American Life® will credit an **additional 1.50%** to the current interest rate that your annuity earns for the first contract year.

### Annual Interest Rate Adjustment

After the first contract year of the initial term, your base interest rate will increase in years two through seven. Each year, **0.20%** will be added to your base interest rate.<sup>1</sup>

This chart illustrates how the annual interest rate adjustment incrementally increases your annuity's interest rate in years two through seven.

*Annual Interest Rate Adjustment*



*This chart uses a 3% base interest rate as a hypothetical example. It does not represent the actual interest rate your contract may earn.*

<sup>1</sup> This feature is available through current Company practice and may be changed at any time. However, if your contract is purchased while this feature is available, it will not be changed once your contract is issued.

## Liquidity When You Need It

Annuities are designed to accumulate money for retirement, and the American Freedom Stars & Stripes provides its best possible benefit if left intact, without taking any withdrawals. However, it's nice to know that you have access to the funds in your annuity if you need them. Great American Life offers a number of options to withdraw the money in your annuity. Remember that withdrawals prior to age 59½ may be subject to restrictions and a 10% tax penalty, according to IRS regulations. Because tax laws are subject to varying interpretations and changes, we recommend that you consult your attorney, tax advisor or accountant.

### *10% Penalty-Free Withdrawals*

Each year after the first Contract Anniversary, you may withdraw up to 10% of the Account Value as of the prior Contract Anniversary without the deduction of a Market Value Adjustment or early withdrawal charge.

### *First-Year Credited Interest Withdrawals*

During the first contract year, you may withdraw an amount equal to the interest credited to your contract without the deduction of a Market Value Adjustment or early withdrawal charge.

These withdrawals may be made monthly or as a lump sum, as long as they don't exceed the interest credited during the first contract year. Cumulative withdrawals made in the first contract year that exceed the credited interest are subject to the Market Value Adjustment and early withdrawal charges.

### *Easy Systematic Payment Program<sup>2</sup>*

Through the Easy Systematic Payment (ESP) Program, you have the option to request regular income payments from your annuity. During the first contract year, you may withdraw an amount equal to the accrued interest through the Monthly Interest Income and Fixed Dollar Options. You may also select the Life Distribution Option after the first contract year to help meet Required Minimum Distribution (RMD) requirements imposed by IRS regulations.

<sup>2</sup> This feature is available through current Company practice and may be discontinued or changed at any time.





Naturally, payments through ESP may affect your tax-deferred growth, and systematic withdrawals will reduce the amount available under the 10% penalty-free withdrawal allowance. Remember, the money you receive through these programs is subject to taxation at the time of distribution.

## **Market Value Adjustment**

A Market Value Adjustment (MVA) will apply to partial withdrawals, full surrenders and annuitizations. The MVA factor is calculated by comparing the interest rate environment when you purchase your contract to the environment when you choose to surrender your contract. This can result in an increase to your Surrender Value during a period of decreasing rates, or a decrease to your Surrender Value during a period of increasing rates. However, the MVA will never deduct more than your Purchase Payment, less any withdrawals, plus interest credited at a guaranteed minimum interest rate.

## **Early Withdrawal Charges<sup>3</sup>**

MVA and early withdrawal charges will be applied to the following:

- Amounts withdrawn during the first contract year that are in excess of credited first-year interest;
- Amounts withdrawn during contract years two through seven that are in excess of the 10% penalty-free withdrawal allowance;
- Amounts that are annuitized during the first seven contract years for less than seven years, except on those annuitizations made under the Fixed Period, Not to Exceed Life Expectancy option; and
- Full surrenders of the contract, prior to the seventh Contract Anniversary. Early withdrawal charges will not be applied to full surrenders initiated after seven years.

Please refer to your Client Letter of Understanding for the early withdrawal charge schedule detailing the charges applicable to the American Freedom® Stars & Stripes<sup>SM</sup>.

---

## **An Effective Retirement-Planning Tool**

The American Freedom Stars & Stripes serves as an effective estate planning tool, since it distributes remaining contract values to your beneficiaries without going through probate. This annuity also has the following additional features that help you protect your assets:

### ***Death Benefit***

In the unfortunate event of the death of the contract owner, the beneficiary will receive a death benefit from the annuity. In the event of the contract owner's death before income payments have begun, the beneficiary will be paid the Account Value.

If your spouse is the surviving joint owner or sole beneficiary, then he or she may succeed to the ownership of the annuity with all the rights and privileges of the original owner, as allowed by IRS regulations.

### ***Long-Term Care Rider<sup>4</sup>***

To help ease the strain of certain unforeseen events, a Long-Term Care Rider is available for no additional charge. If, after the first contract year, the owner is confined to a nursing home or other long-term care facility for at least 90 consecutive days, early withdrawal charges may be waived on withdrawals up to a full surrender.

### ***Terminal Illness Rider<sup>4</sup>***

After the first contract year, if you are diagnosed by a physician as having a terminal illness (prognosis of survival is 12 months or less), you have the option with the Terminal Illness Rider to withdraw up to 25% of the annuity's Account Value without incurring an MVA or early withdrawal charge. There is no additional charge for this rider, but the withdrawal provision may be used only once over the duration of the contract.



<sup>3</sup> Early withdrawal charges are referred to as Surrender Charges in the contract.

<sup>4</sup> This feature may not be available in your state.

## Renewal Period

Near the end of each term, Great American Life® will notify you about the option to renew your American Freedom® Stars & Stripes<sup>SM</sup> annuity. You may choose either to renew the contract or to withdraw all or a portion of your Account Value. The MVA will not apply during the last 30 days of each term. A new MVA will apply in the new term, while all early withdrawal charges will expire after the seventh Contract Anniversary.

Please keep in mind that any withdrawals you receive prior to age 59½ may be subject to restrictions and a 10% tax penalty. If we do not receive notification from you, funds not withdrawn from your annuity at the end of each term will automatically renew for another term not to exceed seven years.

## Contract Values

Your **Account Value** is equal to the following:

- 100% of all the Purchase Payments received;
- Less amounts withdrawn and any MVA or early withdrawal charges applied to those amounts;
- Plus interest earned; and
- Less any premium or other taxes that may be required by your state.

Your **Adjusted Account Value** is equal to the following:

- The Account Value, adjusted by the MVA.

The minimum Adjusted Account Value will never be less than your Purchase Payment plus interest credited at the guaranteed minimum interest rate, but will never be more than your Purchase Payment plus your current interest rate, with the MVA possibly canceling a portion or all of your early withdrawal charges.

Your **Surrender Value** is equal to the following:

- The Adjusted Account Value;
- Less the early withdrawal charge which applies to a full surrender.

Refer to your contract for a more complete description of your contract values.





---

## **Access to Income You Cannot Outlive**

Whether you need short-term, fixed period or lifetime payments, your annuity settlement options can provide a guaranteed retirement income. This annuity offers a variety of settlement options.

The following describes several of the most commonly elected retirement income settlement options provided in this contract. To receive the Account Value, during the first seven contract years, you must select a minimum payout period of seven years or the Income for a Fixed Period, Not to Exceed Life Expectancy option.

### ***Income for a Fixed Period***

You may elect to receive periodic payments at specific intervals, payable for a specific duration. For example, you could request monthly payments over a 10-year period. If you die before that period ends, your beneficiary receives any remaining payments.

### ***Life Annuity with Payments for at Least a Fixed Period***

This retirement option offers you an income that you can't outlive. Payments will be made to you as long as you live, but no less than the specific duration requested or the guaranteed period. If you die prior to the end of the guaranteed period, your beneficiary will continue to receive payments for the balance of the period.

### ***Joint and One-Half Survivor***

This option offers payments of a fixed amount over the lifetimes of two payees. After the death of the primary payee, the secondary payee receives 50% of the original payment amount for the remainder of his or her lifetime. If the secondary payee is the first to die, there is no reduction in the payment.

### ***Income for a Fixed Period, Not to Exceed Life Expectancy***

You may receive monthly payments guaranteed for a fixed period based on your life expectancy. If you die before receiving all benefits for the full period, your beneficiary will continue to receive payments until the benefit period is completed. This option is irrevocable and non-assignable, and has no commuted value.

Other options may be available at the discretion of the Company.

## A Solid Company

The history of Great American Life Insurance Company® dates back to 1872 when its parent company, German American Insurance Company, was founded. In 1918, the Company changed its name to Great American Insurance Company®. Great American Life® was founded in 1959 as a subsidiary offering life insurance through Great American Insurance agents. In 1976, Great American Life entered the annuity business and became one of the leading companies in sales of tax-deferred annuities. This long tradition of our company demonstrates both staying power and optimism for the future.



Our company has one of the most solid investment portfolios in the insurance industry today. By limiting our investment risk, we maximize the security of your retirement. A.M. Best Company rates Great American Life “A (Excellent)” for our financial strength, which is the third highest of 16 possible ratings.



Great American Life is a subsidiary of Great American Financial Resources®, Inc. (GAFRI), which is headquartered in Cincinnati, Ohio and publicly traded on the New York Stock Exchange

(NYSE: GFR) and has assets in excess of \$11.5 billion as of December 31, 2004. Through its subsidiaries, GAFRI markets retirement annuities and other life and supplemental health insurance.



Great American Life is licensed to sell products in all states (except New York), the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands.

*This brochure is not intended as legal or tax advice.*

*For use with contract forms P1024804NW and P1024904NW. Contract form numbers may vary according to the state in which a contract is sold. Products not available in all states.*

# American Freedom® Stars & Stripes<sup>SM</sup> at a Glance

## GENERAL INFORMATION

---

Product Type	Single Premium Deferred Annuity
Issue Ages	18-90 Qualified; 0-90 Non-qualified
Minimum Purchase Payment	\$10,000
Maximum Purchase Payment	\$750,000 for ages 0-80; \$500,000 for ages 81-90; Greater amounts require Company approval.
Additional First-Year Interest Rate <sup>1</sup>	In addition to the base rate, your annuity will earn additional interest of 1.50% in the first contract year only.
Annual Interest Rate Adjustment	Each year, after the first contract year, 0.20% will be added to your base interest rate. <sup>1</sup>
Guaranteed Minimum Interest Rate	Your contract, as a whole, will be credited with interest at an effective annual rate equal to or greater than that required by state law.

## WITHDRAWALS

---

ESP Program <sup>2</sup>	Monthly Interest Income and Fixed Dollar Options can provide regular income payments, without incurring early withdrawal charges. Life Distribution options can help meet RMD requirements.
10% Allowance	After the first contract year, withdraw annually up to 10% of annuity's Account Value (based on prior Contract Anniversary), without incurring early withdrawal charges. ( <i>\$500 minimum; Account Value must exceed \$5,000</i> )
Early Withdrawal Charges <sup>3</sup>	Withdraw more than 10% of the Account Value as of prior Contract Anniversary, and incur charges based on contract year. ( <i>Refer to your Client Letter of Understanding for your early withdrawal charge schedule.</i> )
Market Value Adjustment (MVA)	An MVA will apply to partial/full surrenders and annuitizations.

## RIDERS

---

Long-Term Care	Withdraw up to 100% of Account Value, without incurring an early withdrawal charge, if after the first contract year, you're confined to a long-term care facility or hospital for at least 90 consecutive days. ( <i>Not available in all states.</i> )
Terminal Illness	Withdraw up to 25% of Account Value, without incurring an early withdrawal charge, if after the first contract year, you're diagnosed by a physician as having a terminal illness (prognosis of survival is 12 months or less). May be exercised only once over duration of contract. ( <i>Not available in all states.</i> )



*A subsidiary of Great American Financial Resources<sup>®</sup>, Inc.*

P.O. Box 5420  
Cincinnati, Ohio 45201-5420

(800) 854-3649

**[www.galic.com](http://www.galic.com)**

*Copyright © 2005 by Great American Life Insurance Company<sup>®</sup>.  
All rights reserved.*