



# Spectrum Rewards Bonus

*Indexed Annuity protection for your family*

**Policyholder Summary with Application**

*Thank you for your interest in Fidelity and Guaranty Life's Spectrum Rewards Bonus annuity. Spectrum Rewards Bonus has a flexible blend of options for your retirement dollars and Fidelity and Guaranty Life has prepared this summary to help you understand Spectrum Rewards Bonus' many features and benefits. Please confirm your understanding by signing the confirmation statement on page 4 of this annuity.*

## **An Indexed Annuity**

Spectrum Rewards Bonus is a flexible premium deferred annuity with three indexed options and one fixed interest rate option. Spectrum Rewards Bonus is designed to be a long-term retirement savings tool with many features to help you achieve the standard of living you want during your retirement.

## **Tax Advantages**

Although an annuity does not eliminate your tax liability on interest earnings, under current tax law all interest income earned accumulates on a tax-deferred basis. This tax deferral is currently available only to individual and joint owners, not to corporations or other non-individuals.

## **A Choice of 4 Interest-Crediting Options**

Spectrum Rewards Bonus offers a choice of four interest crediting options. These options are 1 Year, 2 Year and 3 Year monthly point-to-point, and a fixed interest option. On the application, you can allocate your premiums among these four options. You may reallocate your account value between these options on each annuity anniversary.

### **Index Options**

If you choose to allocate some of your premiums to the index options, your interest credits will be credited annually, biennially or triennially and are calculated using formulas linked to changes in the monthly values in the S&P 500 Index. The monthly point-to-point index changes are subject to a cap. The cap rate is the maximum percent applied on each monthly anniversary as part of the total calculation for the annual, biennial and triennial index credit. The cap is declared in advance and will never be less than one percent per month. It is guaranteed for one, two or three years, depending on the option selected.

Your interest credit is determined at the end of the annual, biennial, or triennial period, depending on the interest crediting method chosen. This formula may result in no interest credits, but the credit will never be less than zero. Index interest credits are not calculated or credited between index crediting dates; consequently amounts surrendered between index crediting dates will not earn any interest credits. Any interest credit is applied to your annuity on its annual, biennial or triennial anniversary and is locked-in so future decreases in any index will not affect the interest already credited to your annuity.

## **Fixed Interest Crediting**

If you choose to allocate some of your premium to the fixed interest option, interest is credited daily. The credited interest rate, which will be applied to your premium during the first year, is shown in your application. We will never credit less than the guaranteed effective annual interest rate of 1.5%.

## **Minimum Guaranteed Surrender Values**

Your Spectrum Rewards Bonus annuity contains a protective floor, which increases with interest on your cash surrender value. The minimum guaranteed surrender value for a full surrender from the annuity is the sum of 100% of the premiums, less any surrenders and surrender charges thereon, plus daily interest accruing at 1.5% adjusted for any reallocation of account value, and a surrender charge is also deducted.

Assuming you make no withdrawals, this floor on your cash surrender value will increase to over 123% of the flexible premium by the end of 14 years.

## **Additional Interest**

Premiums paid during the first year of the annuity will be credited with an additional interest rate of 6%\*, which will be credited on the day that the premium was applied.

\*As of 11/2003 and subject to change.

## **Payment in the Event of Death or Annuity Payout Options**

Should you die before electing to receive income payments (and the Death of Owner rider is attached), the account value will be paid to the beneficiary named in your annuity. If you choose to receive annuity payments, and the annuity date is after the fifth certificate anniversary, we will apply the greater of the account value or the minimum guaranteed surrender value to the annuity option then in effect. If the annuity date is before the fifth certificate anniversary, we will apply the greater of the surrender value or the minimum guaranteed surrender value to the annuity option then in effect.

### **Account Value**

The certificate's account value before the annuity date consists of the fixed interest option's account value plus the equity indexed options account value.

### **Surrender Value**

For a full surrender, the surrender value is the greater of:

- Total account value, less surrender charges; or
- Total minimum guaranteed surrender value

## **No Initial Sales Charges or Fees**

There are no initial sales charges or fees. Your entire initial premium is available to earn interest from the date your annuity is issued. Annuities are issued on the 1st, 8th, 15th, and 22nd of each month. Applications will be held and premium checks will be deposited in a non-interest bearing

account until the next available issue date. Annuities issued on each date include all applications received no later than 5:00 p.m. (eastern time) two business days prior to the issue date. For special rules about issue dates that fall on holidays or weekends, contact Fidelity and Guaranty Life. The minimum single premium is \$5,000 and the minimum allocation to any option is \$2,000.

## How Index-Linked Interest Crediting Works

### One-Year Monthly Point-to-Point

An index value is captured on each monthly anniversary and is compared to the index value from the prior monthly anniversary. The value on the current monthly anniversary is divided by the value from the prior monthly anniversary. If this results in a positive or negative monthly point-to-point index change and is not more than the declared cap, then it is used as the capped index change for that month. If it is more than the declared cap, then we use the cap as the capped index change for that month. A negative monthly point-to-point change is not subject to a cap.

A capped index change for each month is captured over a 12-month period. The sum of the 12 monthly “capped index changes” will be the index credit rate on the crediting date. The index credit rate is multiplied by the option’s account value to determine the index credit.

### Two-Year Monthly Point-to-Point

An index value is captured on each monthly anniversary and is compared to the index value from the prior monthly anniversary. The value on the current monthly anniversary is divided by the value from the prior monthly anniversary. If this results in a positive or negative monthly point-to-point index change and is not more than the declared cap, then it is used as the capped index change for that month. If it is more than the declared cap, then we use the cap as the capped index change for that month. A negative monthly point-to-point change is not subject to a cap.

The monthly capped index changes are captured over a 24-month period. The sum of the 24 monthly “capped index changes” will be the index credit rate on the crediting date. The index credit rate is multiplied by the option’s account value to determine the index credit.

### Three-Year Monthly Point-to-Point

An index value is captured on each monthly anniversary and is compared to the index value from the prior monthly anniversary. The value on the current monthly anniversary is divided by the value from the prior monthly anniversary. If this results in a positive or negative index change and is not more than the declared cap, then it is used as the capped index change for that month. If it is more than the declared cap, then we use the cap as the capped index change for that month. A negative monthly point-to-point change is not subject to a cap.

The monthly capped index changes are captured over a 36-month period. The sum of the 36 monthly “capped index changes” will be the index credit rate on the crediting date.

The index credit rate is multiplied by the option’s account value to determine the index credit.

***You are purchasing an indexed annuity that provides minimum guaranteed surrender values. You should understand how your minimum guaranteed surrender values are determined and the features of the product that are used to determine the values. Even though the values of the annuity may be affected by external indices, this product is not an investment in the stock market and does not participate in any stock, bond, or equity investments.***

## Examples

The following examples are not intended to be representations of past or future performance of Spectrum Rewards Bonus. These examples use hypothetical caps and index value changes.

### Steadily increasing S&P 500:

Assume the S&P 500 index rises steadily throughout the year ending with an 8.01% increase. With monthly S&P 500 increases ranging from 0.12% to 2.02% and a monthly cap rate of 2.00%, Spectrum Rewards Bonus’ index-linked formula results in a 7.73% credit for that year.

monthly cap rate = 2.00%			
Date	Hypothetical S&P	Monthly Increase	Capped Increase
1/1/07	900.0		
2/1/07	909.3	1.03%	1.03%
3/1/07	911.2	0.21%	0.21%
4/1/07	913.3	0.23%	0.23%
5/1/07	914.4	0.12%	0.12%
6/1/07	921.3	0.76%	0.76%
7/1/07	922.8	0.16%	0.16%
8/1/07	926.2	0.37%	0.37%
9/1/07	928.1	0.20%	0.20%
10/1/07	936.7	0.93%	0.93%
11/1/07	947.3	1.13%	1.13%
12/1/07	952.9	0.59%	0.59%
1/1/08	972.1	2.02%	<u>2.00%</u>
S&P increase = 8.01%			7.73% client credit

### Sharply increasing S&P 500:

Assume the S&P 500 index rises sharply throughout the year ending with a 25.17% increase. With monthly S&P 500 increases ranging from -0.22% to 7.36% and a monthly cap rate of 2.00%, Spectrum Rewards Bonus’ index-linked formula results in a limited 11.80% credit for that year.

monthly cap rate = 2.00%			
Date	Hypothetical S&P	Monthly Increase	Capped Increase
1/1/07	900.00		
2/1/07	925.65	2.85%	2.00%
3/1/07	923.61	-0.22%	-0.22%
4/1/07	939.13	1.68%	1.68%
5/1/07	1004.96	7.01%	2.00%
6/1/07	1008.28	0.33%	0.33%
7/1/07	1014.43	0.61%	0.61%
8/1/07	1032.99	1.83%	1.83%
9/1/07	1041.15	0.79%	0.79%
10/1/07	1040.22	-0.09%	-0.09%
11/1/07	1116.78	7.36%	2.00%
12/1/07	1123.37	0.59%	0.59%
1/1/08	1126.51	0.28%	<u>0.28%</u>
S&P increase = 25.17%			11.80% client credit



## When Surrender Charges Apply

The surrender charge applies for the first 14 years on full or partial surrenders (withdrawals), and in calculating the annuity payments unless it does not apply under the conditions below.

### Surrender Charges

Annuity Year	Surrender Charge Percentage
1	18%
2	17%
3	16%
4	15%
5	14%
6	13%
7	12%
8	11%
9	10%
10	9%
11	7%
12	5%
13	3%
14	1%
14+	0%

The surrender charge equals the surrender charge percentage for the applicable year multiplied by the amount of account value withdrawn.

## When Surrender Charges Do Not Apply

If any of the following benefits, which may be provided by a rider, are issued as part of your annuity, no surrender charges will be deducted from the account value if you request a surrender in the following circumstances:

1. After the first year, you surrender ten percent or less of the premiums paid. Total free withdrawals are limited to 25% of the total premium.
2. You exercise an annuity option after the 5th anniversary or later.
3. When the death benefit is paid, unless the spouse of the first owner to die continues ownership of the annuity and subsequently surrenders the annuity.

Note that if you fully surrender the annuity or one of the options because of the circumstances described above, the surrender value will equal the greater of the account value or the minimum guaranteed surrender value.

## Taxation of Withdrawals

Withdrawals may be subject to income tax. If withdrawals are made before age 59  $\frac{1}{2}$ , they also may be subject to an IRS penalty tax. Please consult your tax advisor.

## Minimum Required Distributions

Certain tax qualified annuities are subject to minimum required distributions which generally require that distributions begin no later than your attainment of age 70  $\frac{1}{2}$  or retirement, whichever is earlier, and that amounts be paid to you over a period not longer than your life expectancy.

## Right to Examine Annuity

This annuity includes a right of examination period. This means that within the specified time period after you receive your annuity, you may return the annuity and receive a refund of 100% of the premium paid, minus any prior withdrawals.

## Financial Security

Your annuity values are guaranteed by Fidelity and Guaranty Life Insurance Company. As a Legal Reserve Company, Fidelity and Guaranty Life is required by state regulation to maintain reserves equal to or greater than guaranteed surrender values.

## Questions?

If you have any questions, call our service center at 1-888-513-8797.

**Notes**

- This product is offered on a group or an individual basis as determined by state availability.
- Form numbers FGL FPDA2003-C, FGL 1YMPTP-C (2003), FGL 2YMPTP-C (2003), FGL 3YMPTP-C (2003), FGL PBIR-C (2003), FGL DOO 1-C (2003) and FGL FS-PW 1-C (2003) et al.  
Group Annuity Master Contract: Form Number FGL FPDA 2003-MC.
- Terms and conditions of coverage are set forth in a group annuity, issued to the Trustee of the F&G Group Insurance Trust, Wilmington, Delaware. It is subject to the laws of the state in which it is issued. An annuity will be issued to each owner. Annuities are issued by Fidelity and Guaranty Life Insurance Company, Baltimore, Maryland.
- Product features are not approved or available in all states; certain restrictions, conditions, and state variations may apply.
- This document is not a legal contract. For the exact terms and conditions, please refer to the annuity.
- All interest rates described in this summary are effective annual interest rates.
- Consult your tax advisor on all tax-related issues and features.
- Any amounts which are payable by us may, at our option, be paid into an interest-bearing checking account established in the name of the owner, payee, or recipient, as appropriate.

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**Instructions for Agent**

1. Review this summary with the customer(s).
2. Fill-out the initial rates and caps (as of date of application) on the reverse side of this card. If the customer has not allocated premium to a particular option, simply enter "N/A" in the appropriate blank space.
3. Have the customer(s) initial each applicable rate and cap.
4. Have the customer(s) sign and date the reverse side of this card.
5. In the box marked "For Agent Use", fill in the amount of premium received, fill-in your name and address, and sign the card.
6. You and the customer need to complete and sign the application.
7. Detach and return this card with the application to Fidelity and Guaranty Life.

**If this is a 403(b) TSA transfer or rollover, please make sure the "Purpose of Annuity" block of the application looks like this:**

Address: _____	
Contingent: _____	Relationship to Owner: _____ SSN: _____ Birth Date: _____
Address: _____	
<b>Special Instructions</b>	
<b>Plan</b>	
<input type="checkbox"/> Nonqualified <input type="checkbox"/> Qualified <input type="checkbox"/> IRA Rollover <input checked="" type="checkbox"/> IRA Transfer <input checked="" type="checkbox"/> Tax-Sheltered Annuity (owner must be annuitant)	
<input type="checkbox"/> Roth IRA <input type="checkbox"/> Other: _____ (specify p	
<b>Replacement</b>	
Will the annuity applied for replace or change any existing life or annuity policy? <input type="checkbox"/> Yes <input type="checkbox"/> No If a 1035 Exchange or a 90-24 transfer, attach applicable forms. Transfer/Exchange Amount: \$ _____ Company: _____ Policy: _____	
<b>Premium and Interest Crediting Information</b>	



## About Fidelity and Guaranty Life Insurance Company

As the largest of the Old Mutual Financial Network brands, Fidelity and Guaranty Life Insurance Company (Fidelity and Guaranty Life) has been providing a diverse portfolio of annuities and life insurance products since 1959. Working with an established group of master general agents, our products are distributed in 49 states, the District of Columbia, and in New York through a wholly owned subsidiary, Fidelity and Guaranty Life of New York.

Old Mutual Financial Network is a member of the Old Mutual group of companies. Founded in 1845, Old Mutual plc. maintains its primary listing on the London Stock Exchange (LSE: OML) and they rank as a Fortune Global 500 company and FTSE 100 financial services group. Working through their network of established companies (Fidelity and Guaranty Life, Americom Life and Annuity and Fidelity and Guaranty Life of New York) Old Mutual Financial Network is committed to delivering innovative and balanced financial solutions.

### Consider all the facts, then make your own decision.

Fidelity and Guaranty Life offers index annuity products with different features, benefits, and charges, including different issue ages, premium requirements, interest rates, withdrawal privileges, and charges.

No single annuity product design may have all the features you find desirable. To better meet the needs of you and your family, you should carefully consider your financial situation and all the alternatives available to you.

For details, contact your licensed sales representative today, email us at [contact-us@omfn.com](mailto:contact-us@omfn.com) or visit us on the World Wide Web at [www.omfn.com](http://www.omfn.com).



Not a deposit • Not FDIC insured • Not insured by any Federal Government Agency • Not guaranteed by a financial institution (such as a bank, savings association, or credit union) • The financial institution may not condition an extension of credit on the consumer's purchase of an insurance product or an annuity from the financial institution or any of its affiliates. The consumer is free to purchase the insurance product or annuity from another source.