



# NAC FoundationChoice<sup>SM</sup> Plus 10

Fixed Annuity



**North American Company**  
for Life and Health Insurance

*Annuity*



| *Annuity*

***If you're like many people, you have imagined what your ideal retirement would look like.*** Maybe it involves travel to new and exciting destinations. Perhaps you want to fill your time with children, grandchildren and even great-grandchildren!

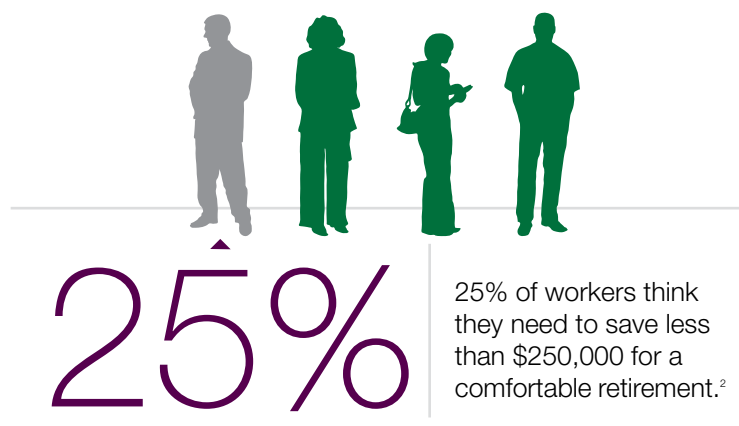
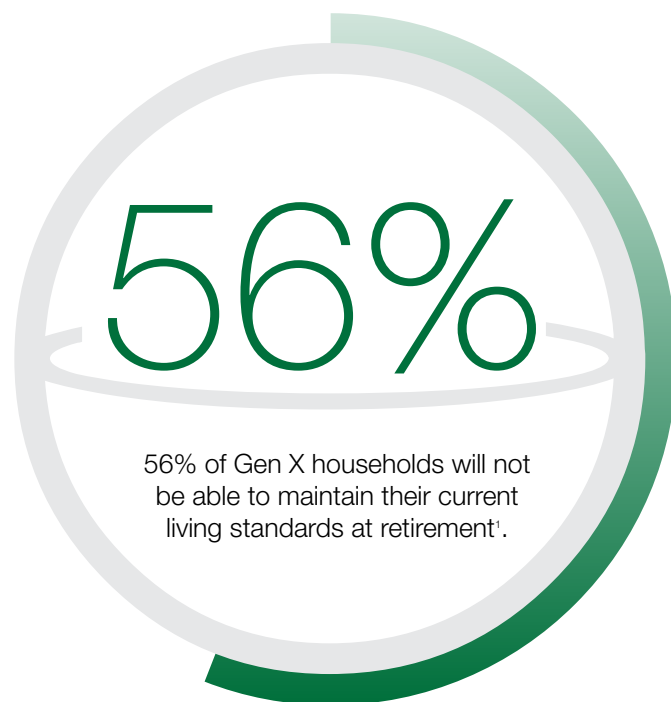
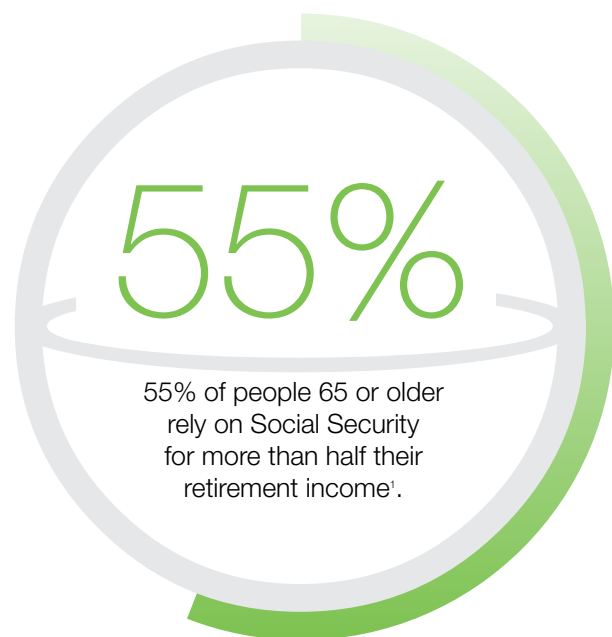
You deserve to live your dream retirement, but are you prepared? Many consumers are not adequately prepared financially for some of the key retirement risks we face.



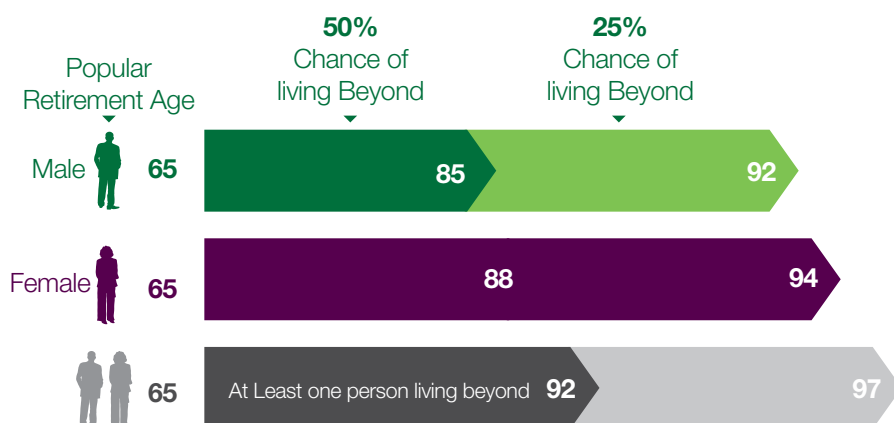
# Retirement

## by the numbers

Statistics are painting a picture that is hard to ignore:



## Life Expectancy<sup>3</sup>



North American Company for Life and Health Insurance<sup>®</sup> is here to help. We build annuity solutions designed to help our clients live their retirement confidently and securely.

1. Source: [www.retirement-usa.org/facts](http://www.retirement-usa.org/facts).

2. 2015 Retirement Confidence Survey (RCS) report

3. Based on information provided in the U.S. 2000 Actuarial Male and Female Tables

# Fixed annuity basics

## Building a foundation

Fixed annuities may be a solution to help address your retirement concerns but more importantly reach your retirement goals. Fixed annuities have the following benefits:

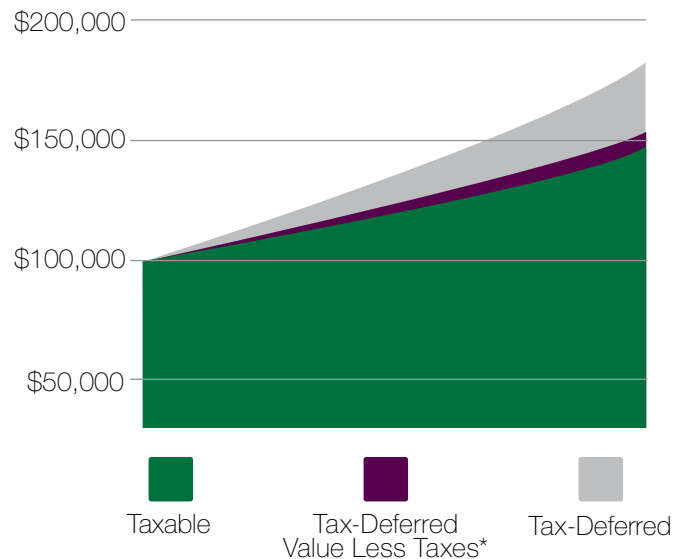


### Tax-Deferral

Tax-deferred growth allows your money to grow faster because you earn interest on dollars that would otherwise be paid in taxes. Your premium earns interest, the interest compounds within the contract and the money you would have paid in taxes earns interest.

*Under current law, annuities grow tax-deferred. An annuity is not required for tax-deferral in qualified plans. Annuities may be subject to taxation during the income or withdrawal phase.*

### The Power of Tax-Deferral



*The chart is a hypothetical example of tax-deferral and assumes an initial premium of \$100,000 earning 4.00% compounded annual rate of return for 15 years. It is not intended to predict or project performance.*

*\*The tax-deferred value less taxes represents the increase in value, due to tax-deferral, less taxes at an assumed rate of 33% with no surrender charges or market value adjustment applied.*

### Issue Ages (May vary by state)

Available issue ages 40-79 (qualified and non-qualified)

### Minimum Premium

Modified single premium - Additional premiums accepted during the first 12 months of the contract; \$20,000 qualified and non-qualified.



## May Avoid Probate

By naming a beneficiary, you may minimize the delays, expense and publicity often associated with probate. Your designated beneficiary receives death proceeds in either a lump sum or a series of payments.

*Please consult with and rely on your own legal or tax advisor.*

## Death Benefit

North American will pay out a death benefit which equals the accumulation value upon the death of the annuitant or an owner. The death benefit is payable upon the death of the first owner, unless the sole beneficiary is the owner's spouse and he or she elects to continue this contract under spousal continuance. If there are joint annuitants and an annuitant who is not also the contract owner dies, the death benefit will be paid on the death of the second annuitant. A death benefit is not available if an annuity payout option has been elected.

## Lifetime Income

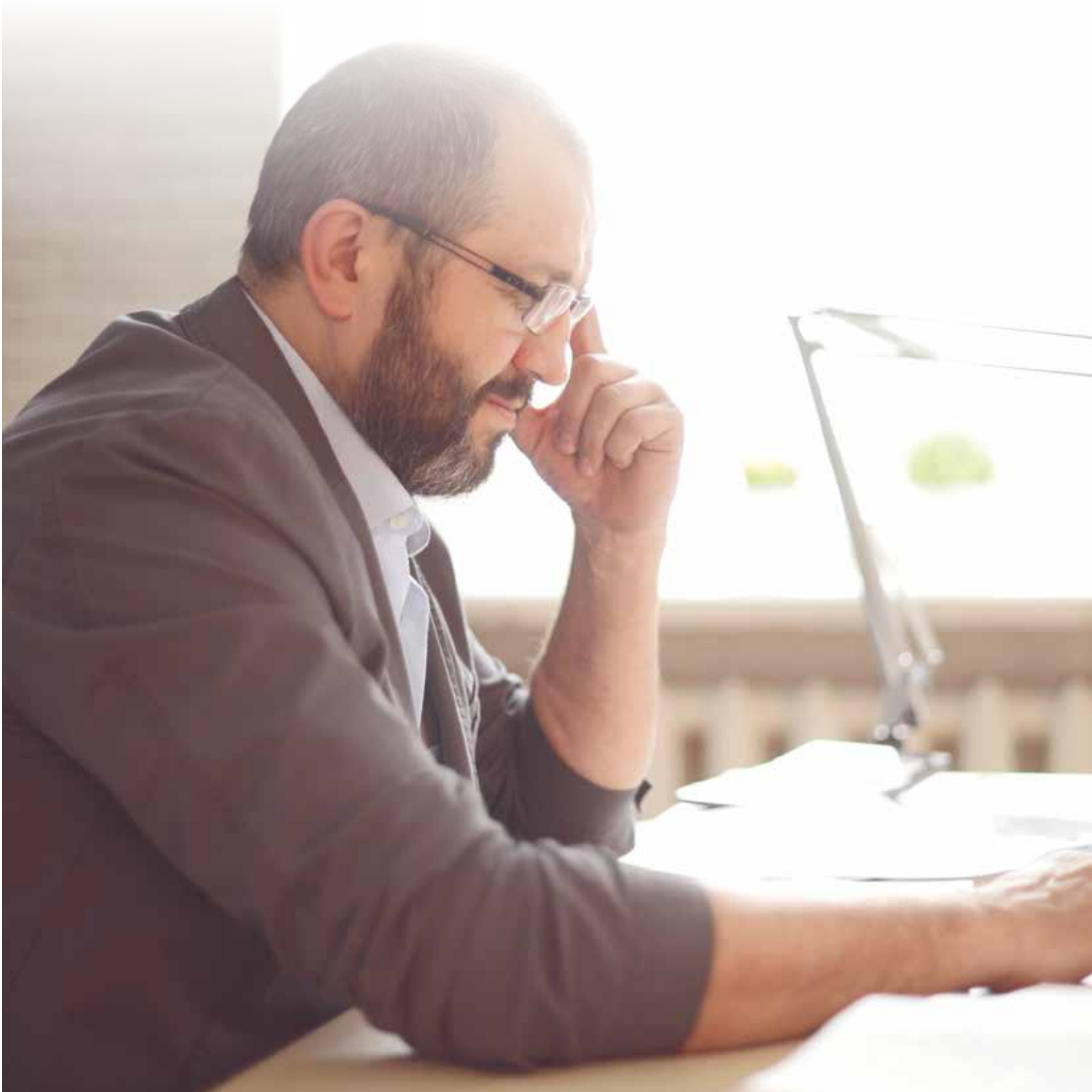
Through your election of an annuity payout option, North American can provide you with a guaranteed income stream with the purchase of your tax-deferred annuity. You have the ability to choose from several different annuity payout options, including life or a specified period. Once a payout option is elected it cannot be changed and all other rights and benefits under the annuity end.



Introducing

# NAC **FoundationChoice<sup>SM</sup>** **Plus 10**

Fixed Annuity



# About NAC FoundationChoice Plus 10

## Accumulation

In addition to the fixed annuity benefits already discussed, the NAC FoundationChoice Plus 10 offers fixed interest rates declared for each premium received during the first contract year. Each initial fixed interest rate that applies to a premium is guaranteed until the first contract anniversary. On the first contract anniversary and each contract anniversary thereafter, an annual fixed interest rate is declared that applies to the full accumulation value for the following contract year.

## Guaranteed Lifetime Income

The NAC FoundationChoice Plus 10 also offers lifetime payment amounts (LPAs) through a Guaranteed Lifetime Withdrawal Benefit (GLWB) rider automatically included with this annuity. You have two GLWB options depending on your individual income needs.

GLWB Option 1	GLWB Option 2
Guaranteed Lifetime Income	
Guaranteed 5% Roll-up Rate*	
Rider termination provisions vary*	
No Rider Charge	Annual Rider Charge**
Standard Lifetime Payment Percentages	Higher Lifetime Payment Percentages than GLWB Option 1

\*See page 8 and 9 for definitions and details

\*\*Rider charge is 0.50% of GLWB Value each contract anniversary deducted from your accumulation value until either the contract or GLWB rider terminates. Deductions from your accumulation value for rider charges could under certain scenarios exceed interest credited to your accumulation value, which would result in loss of premium.

## Did You Know - CONTRACT VALUES ACCUMULATION VALUE

The accumulation value is 100% of premium and any fixed account interest earned. It will be reduced by the amount of any withdrawals.

## SURRENDER VALUE

The surrender value is the amount that is available at the time of surrender. The surrender value is equal to the accumulation value, subject to market value adjustment, less applicable surrender charges and state premium taxes (where applicable). The surrender value will not be less than 87.5% of all premiums; less any partial surrenders (after market value adjustment, reductions for surrender charges); accumulated at 1.00%.

The surrender value will never be less than the minimum requirements set forth by state laws, at the time of issue, in the state where the contract is delivered.

For detailed information on charges incurred if the contract is surrendered, see the surrender charge section.

# Guaranteed Lifetime Income

When it comes to the guaranteed lifetime income (LPAs) available with the GLWB feature, there are a few important terms you should know:

## 1 - GLWB Value

Your annuity premium provides a GLWB value, which can be used to generate LPAs. The GLWB value initially equals 100% of your premium. It's important to understand the difference between the GLWB value and the contract accumulation value.

## 2 - Roll-up Rate

Features a 5% roll-up rate compounded for up to 10 years (or until Lifetime Payment Election Date, LPED, if earlier). The roll-up rate (also known as the GLWB value increase percentage) is a guaranteed rate applied only to the GLWB value that compounds annually for the GLWB roll-up period (also referred to as the GLWB Increase Period). It offers growth potential for your GLWB value, even if you take a penalty-free withdrawal (also referred to as a penalty-free partial surrender) from your accumulation value. If LPAs are started during the ten year period, the roll-up rate will no longer be applied in following years.

## 3 - Lifetime Payment Percentage (LPP)

Your LPAs will be determined by multiplying your current GLWB value by the lifetime payment percentage (LPP) based on various factors. See the lifetime payment percentage charts below. You will need to notify North American to begin receiving LPAs. However, after this election is made, the roll-up rate will no longer apply to your GLWB value.

GLWB Value	Accumulation Value
Used to determine LPAs and the rider charge (option 2 only). Not available as a lump sum or death benefit.	Used to determine annuity payout options, penalty-free withdrawals, surrender value and death benefit. Grows via any fixed interest.

## Lifetime Payment Percentages (LPP)

### GLWB Option 1

Level LPA				Increasing LPA			
Single Annuitant		Joint Annuitant		Single Annuitant		Joint Annuitant	
Attained Age	Percentage	Attained Age	Percentage	Attained Age	Percentage	Attained Age	Percentage
50-59	4.00%	50-59	3.50%	50-59	3.00%	50-59	2.50%
60-64	4.50%	60-64	4.00%	60-64	3.50%	60-64	3.00%
65-69	5.00%	65-69	4.50%	65-69	4.00%	65-69	3.50%
70-74	5.50%	70-74	5.00%	70-74	4.50%	70-74	4.00%
75-79	6.00%	75-79	5.50%	75-79	5.00%	75-79	4.50%
80+	6.50%	80+	6.00%	80+	5.50%	80+	5.00%

### GLWB Option 2

Level LPA				Increasing LPA			
Single Annuitant		Joint Annuitant		Single Annuitant		Joint Annuitant	
Attained Age	Percentage	Attained Age	Percentage	Attained Age	Percentage	Attained Age	Percentage
50-59	4.50%	50-59	4.00%	50-59	3.50%	50-59	3.00%
60-64	5.00%	60-64	4.50%	60-64	4.00%	60-64	3.50%
65-69	5.50%	65-69	5.00%	65-69	4.50%	65-69	4.00%
70-74	6.00%	70-74	5.50%	70-74	5.00%	70-74	4.50%
75-79	6.50%	75-79	6.00%	75-79	5.50%	75-79	5.00%
80+	7.00%	80+	6.50%	80+	6.00%	80+	5.50%



# LPA Options

## Level Vs. Increasing LPA

While the level LPA design ensures a consistent LPA you cannot outlive, the increasing LPA option offers a way to help address the rising costs of goods and services when it comes to your retirement.

## How it Works

When you decide to start your lifetime payments, you'll first need to determine whether the level LPA option or the increasing LPA option is right for you. Here is how they compare:

Level LPA	Increasing LPA
LPA is a set amount and will not increase. It can be decreased due to any excess partial withdrawals.	While you would receive a lower initial LPA than with the level LPA option, your LPA would increase by an annual increase percentage each year. The annual increase percentage will be declared as of your Lifetime Payment Election Date (currently 2% as of 1/10/2017), but will never be less than the guaranteed minimum increasing rate of .25%. The LPA annual increase percentage will not change once LPAs have started. LPAs can be decreased due to any excess partial withdrawals.  Contact our customer service area for the current annual increasing LPA percentage which is subject to change.

When you decide to begin taking LPAs, you need to determine if your situation is best suited for level or increasing LPAs.

*This hypothetical example is for illustrative and educational purposes only. Assumes an initial premium of \$250,000, issue age 60, hypothetical roll-up rate to the GLWB Value of 5%, 5-year deferral, hypothetical 5% level LPP at age 65, hypothetical 4% increasing LPP at age 65 with a 2% per year LPA increase rate.*

### Hypothetical Example of LPA Options

Age	Level	Increasing
65	\$15,954	\$12,763
70	\$15,954	\$14,091
75	\$15,954	\$15,558
80	\$15,954	\$17,177

## Starting Your LPAs

You can begin taking LPAs after the first contract year and as early as age 50. Once LPAs are elected, provided that no excess withdrawals are ever taken, LPAs will be available even if both the accumulation value and GLWB value are reduced to zero. You also have the flexibility to start and stop payments at any time. Electing LPAs is not the same as annuitizing your underlying annuity contract. The start of your LPAs is referred to as the lifetime payment election date (LPED). Future payments will not decrease so long as you don't withdraw more than your LPA in any contract year. If a withdrawal in excess of your LPA is taken, it will cause a reduction to future LPAs.

## Rider Termination

Termination of the rider will not automatically terminate the contract. Once terminated, this rider cannot be reinstated and you will not be reimbursed for charges previously incurred.

### The Rider Will Terminate When:

- A death benefit is paid on the contract to which this rider is attached
- You begin taking annuity payments from the contract or on the maturity date if a payout option is elected
- The contract's accumulation value, the GLWB value and LPA all equal zero
- The contract to which this rider is attached terminates
- **GLWB Option 2:** You request to terminate this rider after the surrender charge period (**Since GLWB Option 1 has no rider charge, it cannot be terminated by request.**)

# Accessing Your Money

With NAC FoundationChoice Plus 10, you can access your money in a number of different ways, depending on when it may be needed.

## Penalty-Free Withdrawals

After the first contract anniversary, a penalty-free withdrawal (also known as a penalty-free partial surrender), of up to 10% of the accumulation value as of the beginning of the contract year may be taken each year. After the surrender charge period, surrender charges and a market value adjustment no longer apply to any withdrawals.

*Withdrawals will be taxed as ordinary income, and if taken before age 59½ may be subject to a 10% IRS penalty. Withdrawals from your contract will also reduce your accumulation value accordingly.*

## Impact of Withdrawals

Your GLWB value will be reduced for any withdrawals taken both before and after LPAs begin. Each withdrawal will reduce your GLWB value in proportion to the amount withdrawn from your accumulation value. If an IRS-Required Minimum Distribution is required, the greater of the LPA or the RMD will be allowed without penalty by current company practice\*. Once you elect to begin taking LPAs, if the IRS Required Minimum Distribution for your contract exceeds the LPA, by current company practice\*, the entire RMD can be taken and will not be considered an excess withdrawal and will not cause a recalculation of your LPA.

*\* A feature offered "by current company practice" is not a contractual guarantee of this annuity contract and can be removed or changed at any time.*

## Annuity Payout Options

Upon annuitization, NAC FoundationChoice Plus 10 offers a variety of income options to suit the needs of annuitants, from just a certain number of years, to a lifetime income option. Once a payout option is elected it cannot be changed and all other rights and benefits under the annuity end.

In all states except **Florida**, by current company practice\*, you may receive an income from the accumulation value after the first contract year (without surrender charges or market value adjustment) if you choose a Life Income Option. You can also receive an income based on the accumulation value if your annuity has been in force for at least five years and you elect to receive payments over at least a five-year period.

## Income Options

With the exception of life income options, income options are available from 5 to 20 years.

Choose from:

- Income for a specified period
- Income for a specified amount
- Life income with a period certain
- Life income
- Joint and survivor life income

## For Florida

You may select an annuity payout option based on the accumulation value at any time after the first contract year.

Choose from:

- Life income
- Life income with a 10- or 20-year period certain
- Joint and survivor life income
- Joint and survivor life income with a 10- or 20-year period certain



## Surrender Charges

Surrender charges generally allow the company to invest in longer-term assets and credit higher yields than possible with a similar annuity of shorter term. During the surrender charge period, a surrender charge is assessed on any amount withdrawn, whether as a partial or full surrender, that exceeds the penalty-free amount and may result in a loss of premium. Certain payout options may incur a surrender charge. Market value adjustments apply during the surrender charge period.

### Surrender Charge Schedule

Contract Year	Charge
1	9%
2	8.5%
3	7.5%
4	6.5%
5	5.5%
6	4.5%
7	3.5%
8	3%
9	2%
10	1%

### In California...

Contract Year	Charge
1	8%
2	7.5%
3	6.5%
4	5.5%
5	4.5%
6	3.5%
7	2.5%
8	1.5%
9	.50%
10	.44%

*In California, the surrender charge percentage in the 10th contract year will decrease 0.04% monthly until the surrender charge equals 0.00%. The decrease will occur on the same day in each month as the date of the contract anniversary; if the date does not exist for a given month, the date for that month will be the last calendar day of the month.*

*A surrender during the surrender charge period could result in a loss of premium. Surrender charge structure may vary by state.*

## Market Value Adjustment

Your Contract also includes a market value adjustment feature—which may decrease or increase your surrender value depending on the change in the index value of the market value adjustment external index since your annuity purchase. Due to the mechanics of a market value adjustment, surrender values generally decrease as the market value adjustment external index rises or remains constant. When the market value adjustment external index decreases enough over time, the surrender value generally increases. However, the market value adjustment is limited to the surrender charge or the interest credited to the accumulation value.

In **California**, the market value adjustment is limited to the surrender charge or 0.50% of the accumulation value at the time of surrender.

This adjustment is applied only during the surrender charge period to surrenders exceeding the applicable penalty-free allowance.

*See the "Understanding the market value adjustment with external index" brochure for more information.*

## Nursing Home Confinement Waiver

You can withdraw up to 100% of your annuity's accumulation value without surrender charges or market value adjustment, if you are confined to a qualified care facility, for at least 90 consecutive days any time after the first contract year. You cannot be confined at the time your contract is issued. This waiver is automatically included with your annuity at no additional charge.

*If joint annuitants are named on the annuity, waiver will apply to the first annuitant who qualifies for the benefit.*

## Required Minimum Distribution

Surrender charges and market value adjustments on any portion of IRS-Required Minimum Distributions exceeding the 10% penalty-free withdrawal amount will be waived by current company practice.\*

*\* A feature offered "by current company practice" is not a contractual guarantee of this annuity contract and can be removed or changed at any time.*

# Protect Your Assets and Those You Love with an Industry Leader

North American Company for Life and Health Insurance® is a leading insurance company in the U.S. Throughout our 100+ year history, we've focused on providing growth, income, and financial protection to the clients we serve. Our insurance and annuity products have consistently provided value to our clients - in all types of market and economic environments.

For nearly 30 years, North American has continued to earn high ratings, based on our financial strength, operating performance, and ability to meet obligations to our policyholders and contract holders. North American currently holds the following ratings:

A.M. BEST <sup>A,B</sup>	S&P GLOBAL RATINGS <sup>B,C</sup>	FITCH RATINGS <sup>D</sup>
<b>"A+"</b> (Superior) (2nd category of 15) Superior ability to meet ongoing obligations to policyholders	<b>"A+"</b> (Strong) (5th category of 22) Very strong financial security characteristics	<b>"A+"</b> (Stable) (5th category of 19) Strong business profile, low financial leverage

A.M. Best is a large third-party independent reporting and rating company that rates an insurance company on the basis of the company's financial strength, operating performance, and ability to meet its obligations to policyholders. S&P Global Ratings is an independent, third-party rating firm that rates on the basis of financial strength. Ratings shown reflect the opinions of the rating agencies and are not implied warranties of the company's ability to meet its financial obligations. The ratings above apply to North American's financial strength and claims-paying ability. **a)** A.M. Best rating affirmed on July 14, 2016. For the latest rating, access [www.ambest.com](http://www.ambest.com). **b)** Awarded to North American as part of Sammons® Financial Group Inc., which consists of Midland National® Life Insurance Company and North American Company for Life and Health Insurance®. **c)** Standard & Poor's rating assigned February 26, 2009 and affirmed on October 19, 2016. **d)** Fitch Ratings, a global leader in financial information services and credit ratings, on May 2, 2017, assigned an Insurer Financial Strength rating of A+ Stable for North American. This rating is the fifth highest of 19 possible rating categories. The rating reflects the organization's strong business profile, low financial leverage, very strong statutory capitalization and strong operating profitability supported by strong investment performance. For more information access [www.fitchratings.com](http://www.fitchratings.com).

The NAC FoundationChoice<sup>SM</sup> Plus 10 is issued on form NA1010A/ICC16-NA1010A.MVA (contract), ICC16-AE601A.OPT/AE601A.OPT, ICC16-AE602A/AE602A, ICC15-AE579B/AE579B, ICC15-AE577A/AE577A, and ICC15-AE587A/AE587A (riders/endorsements) by North American Company for Life and Health Insurance®, West Des Moines, IA. This product, its features and riders may not be available in all states.

Premium taxes: Accumulation Value and Surrender Value will be reduced for premium taxes as required by the state of residence.

## Special Notice Regarding The Use Of A Living Trust As Owner Or Beneficiary Of This Annuity.

The use of living trusts in connection with an annuity contract can be a valuable planning mechanism. However, a living trust is not appropriate when mass-produced in connection with the sale of an insurance product. We strongly suggest you seek the advice of your qualified legal advisor concerning the use of a trust with an annuity contract.

Neither North American, nor any agents acting on its behalf, should be viewed as providing legal, tax or investment advice. Consult with and rely on a qualified advisor. Under current law, annuities grow tax deferred. Annuities may be subject to taxation during the income or withdrawal phase. The tax-deferred feature is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as the Death Benefit, lifetime annuity payments, and any other features make the Contract appropriate for your needs.



*Annuity*

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May Lose Value	Not Insured By Any Federal Government Agency	