

Annuity



# PrimePath<sup>®</sup> 9

fixed index annuity

Issued by North American Company for Life and Health Insurance<sup>®</sup>





# Your PrimePath® 9 to retirement

Planning for retirement can be overwhelming – will I have enough to retire? How much is enough? How much longer will I need to work? What happens if I have an extended illness? Will I be able to leave anything to my family?

As you research options, you will be faced with various products and unfamiliar terms. Your licensed insurance professional and this brochure will provide information so you can determine if this product is a solution to help meet your needs during your retirement years.

If there's anything predictable about life, it's that it's unpredictable. But it's safe to say that when you retire, a few things happen:

**You want to protect and grow what you worked so hard to earn.**

You want to know that your savings are not only protected from market downturns, but that there's opportunity for growth as you approach retirement.

**You need income.** To travel, to start that hobby you always dreamed about, to buy a vacation home... to help pay for whatever it is that you want to do in your golden years.

**You may need health care.** If your health fails or you experience an extended illness, you may need access to funds to help pay for assistance during that time.

**You hope to leave something for your beneficiaries.** A way to offer a legacy to your loved ones.

*The PrimePath 9 fixed index annuity could help you and your family when any of these situations take place. Read on to find out how...*



# Retire confidently

The PrimePath 9 annuity is a flexible premium, fixed index annuity that offers growth potential for your retirement assets while providing protection from downside market downturns, as well as flexible options for taking lifetime income. None of us know the path that life has in store for us. That's why it's comforting to know that PrimePath 9 has key features to help you on your journey:

## Growth

Fixed and index account options offer upside potential without downside market risk to the money you worked so hard to save throughout your career. And to help along your path to retirement, PrimePath 9 also provides opportunities to receive bonuses to certain contract values to help you reach your goals.

## Retirement income

PrimePath 9 provides multiple options for taking retirement income. So you're in the driver's seat in determining how and when you start receiving payments.

## Liquidity options

If you need access to funds, PrimePath 9 has different liquidity provisions that can help you when you need it most.

## Death benefit

PrimePath 9 has death benefit provisions so you may be able to leave something for your loved ones.

PrimePath 9 fixed index annuity allows you to benefit from the advantages that a fixed annuity offers, such as:

## Tax deferral improves growth potential

Your annuity's value grows on a tax-deferred basis, meaning more of it is working for you. Tax-deferred growth means you don't owe taxes until you access funds, allowing more time for growth potential. Work with your tax advisor to find out how this might work for you.

*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. Please note that neither North American nor any financial professionals acting on its behalf, should be viewed as providing legal, tax or investment advice. Consult with and rely on your own qualified advisor.*

## May avoid probate

By naming a beneficiary, you typically minimize the delays, expense and publicity often associated with probate.

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

## Annuitization payout options

By annuitizing your contract (electing an annuity payout option) or by turning on lifetime payment amounts (LPAs), you have access to a guaranteed income stream that will last as long as you live.

## Issue ages (may vary by state)

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

## Minimum premium

Flexible premium, \$20,000 at issue, qualified and non-qualified (\$50/month TSA salary reduction accepted after \$20,000 minimum initial premium requirement).



# Your PrimePath 9 annuity

To understand how your annuity works, it's important to first understand a few basics about two values in your PrimePath 9 annuity.

## Accumulation value

The accumulation value equals 100% of premium; plus interest credited, if any; less withdrawals. Your accumulation value is the value used to determine penalty-free withdrawal amounts and your surrender value, which is the amount you would receive if you surrendered your contract early. Additionally, any remaining accumulation value may be paid to your beneficiaries upon your passing.

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

## Benefit base

Your benefit base is used to determine your lifetime payment amount (LPA). This value is never available as a lump sum withdrawal. If you should pass away before starting your LPAs, the benefit base is available as a death benefit to your beneficiaries if paid out over five annual payments.

*The Benefits Rider is included for no annual charge which is guaranteed for life of contract.*

	Accumulation value	Benefit base
Increased by...	<ul style="list-style-type: none"><li>• Premiums</li><li>• Interest credits</li></ul>	<ul style="list-style-type: none"><li>• Premiums</li><li>• Double the interest credited to the accumulation value during the benefit base roll-up period</li></ul>
Decreased by...	<ul style="list-style-type: none"><li>• Withdrawals</li><li>• LPAs</li></ul>	<p><b>Before LPAs begin:</b> Withdrawals at a proportional amount</p> <p><b>After LPAs begin:</b> Benefit base no longer applies</p>
Used for...	<ul style="list-style-type: none"><li>• Calculating penalty-free withdrawals</li><li>• Annuity payout options</li><li>• Death benefit</li><li>• Surrender value</li></ul>	<ul style="list-style-type: none"><li>• LPAs</li><li>• Before LPAs have started, an enhanced death benefit option</li></ul>



# Enhancing your retirement

One question people often ask themselves is: Have I saved enough for retirement? While “enough” varies by individual wants and needs, many consumers would like to have growth as they approach retirement. Fixed index annuities combine growth potential without experiencing loss of premium from market downturns or fluctuations. Interest credits in the PrimePath 9 annuity will not mirror performance of the index itself, but rather the index closing prices are used as a basis for determining interest credits. PrimePath 9 has unique and competitive options to grow your retirement dollars so they can work harder for you.

*Did you know?*

**PrimePath 9 is a flexible premium annuity. That means you may be able to continue to put funds into the contract as long as you own it.**

## Transfer options

You may elect to transfer funds between the fixed account and index account options after the first contract year for the annual index account strategies (or every two years if you choose the Two-year Point-to-Point strategy). You may also elect to transfer between strategies annually (or every two years for amounts allocated to the two-year strategy). Based on current tax laws, these transfers between options will not be taxable or subject to surrender penalties.

*By current company practice, you will have 30 days following each contract anniversary to reallocate. 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.*

## Choose your index options

You choose how the initial premium is allocated between your fixed account and/or index accounts. At the end of each crediting term you have the option to transfer funds among the different options.

*Please refer to the “How it works-crediting methods” brochure for more information on the differences.*

### Fixed account

PrimePath 9 provides a fixed account that offers a fixed interest rate that is guaranteed for the first contract year. The rate for future contract years will be declared each year at the company’s discretion thereafter, and will never be less than the minimum guaranteed rate listed in your contract.

*Refer to your contract for minimum guaranteed rates.*

### Index account options

While your premium is protected from downside market risk, PrimePath 9 also provides the opportunity to take advantage of market growth with its indexed interest crediting options. These index crediting methods allow you to select from different indexes; each index account option may perform differently in various market scenarios.

- Annual Point-to-Point with Participation Rate
- Monthly Point-to-Point with Cap
- Annual Point-to-Point with Cap
- Annual Point-to-Point with Margin
- Two-year Point-to-Point with Participation Rate
- Two-year Point-to-Point with Margin and Participation Rate

Interest is credited on each contract anniversary for each index account option except the Two-year Point-to-Point options. For the Two-year Point-to-Point options, interest is credited at the end of each two-year term.

*See the following pages for details.*

Your financial professional will explain how the different interest crediting strategies work and which account or combination of accounts could be the best fit for your objectives.

*\* 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.*

## Set your strategy

In addition to the fixed account, here are your crediting methods and index options.

### Diversify your premium among the following index account options

Crediting method options* <i>(subject to factor below)</i>	Index availability*
<b>Monthly Point-to-Point</b> <i>(subject to an index cap rate)</i>	• S&P 500®
<b>Annual Point-to-Point</b> <i>(subject to an index cap rate)</i>	• S&P 500®
<b>Annual Point-to-Point</b> <i>(subject to an index margin)</i>	• S&P 500® Low Volatility Daily Risk Control 5% • S&P Multi-Asset Risk Control 5% Excess Return Index (S&P MARC 5% ER)
<b>Annual Point-to-Point</b> <i>(subject to a participation rate)</i>	• S&P 500® • Morgan Stanley Dynamic Contribution
<b>Two-year Point-to-Point</b> <i>(subject to a participation rate)</i>	• Morgan Stanley Dynamic Contribution
<b>Two-year Point-to-Point</b> <i>(subject to an index margin and a participation rate)**</i>	• Morgan Stanley Dynamic Contribution

#### Fixed account

Premium allocated to the fixed account will be credited interest at a declared fixed account interest rate and is credited daily. The initial premium interest rate is guaranteed for the first contract year. For each subsequent contract year, we will declare, at our discretion, a fixed account interest rate that will apply to the amount allocated to the fixed account as of the beginning of that contract year. A declared fixed account interest rate will never fall below the minimum guaranteed fixed account interest rate.

\* Index(es) and strategies may not be available in all states.

\*\* The declared annual index margin is multiplied by two when it is applied at the end of each two-year term. The participation rate is applied after the index margin.



# Pick from a wide variety of index\* options

## **S&P 500® Index (SPX)**

The S&P 500 Index is widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The price-return index includes 500 leading companies in leading industries of the U.S. economy and does not include dividends in the index valuation.

## **S&P Multi-Asset Risk Control 5% Excess Return Index (SPMARC5P)** **S&P MARC 5% ER**

The S&P MARC 5% ER Index is a multi-asset excess return index that strives to create more stable index performance through diversification, an excess return methodology, and volatility management (i.e. risk control). The index applies rules to adjust allocations among multiple asset classes creating a diversified basket of these assets. The index then adds an element of risk control by applying rules to allocate between this basket and cash. The index is managed to a 5% volatility level.

## **S&P 500® Low Volatility Daily Risk Control 5% Index (SPLV5UT)**

The S&P 500® Low Volatility Daily Risk Control 5% Index strives to create stable index performance through managing volatility (i.e. risk control) on the S&P 500 Low Volatility Index. The S&P 500 Low Volatility Index measures performance of the 100 least volatile stocks in the S&P 500. The index adds an element of risk control by applying rules to allocate between stocks, as represented by the S&P 500 Low Volatility Index, and cash. The index is managed to a 5% volatility level.

## **Morgan Stanley Dynamic Contribution Index (MSUSMSDC)**

The Morgan Stanley Dynamic Contribution Index (“the MSDC Index”) is a rules-based strategy that uses modern portfolio theory principles and the related concept of efficient frontier to attempt to maximize returns for a given level of risk. The Index provides access to global opportunities by investing in multiple asset classes representing global equities, government bonds and major commodities. The Morgan Stanley Dynamic Contribution Index seeks to dynamically allocate to a portfolio nearest to the efficient frontier. On a daily basis, the Index computes recent returns, realized volatilities and correlations for each asset over two time horizons: short-term and long-term. All combinations are then screened to identify the highest historical return portfolio for 5% target risk level, subject to allocation constraints for each asset class and individual asset.

*\* Past index performance is not intended to predict future performance.*





# Growth potential

The PrimePath 9 fixed index annuity has growth opportunities that you can take advantage of as you build your retirement savings.

## How your annuity grows

### Accumulation value growth

The interest earned in the fixed and indexed accounts is applied to your contract's accumulation value.

### Benefit base

The benefits rider is included for no annual charge which is guaranteed for life of contract.

### Benefit base roll-up

Your benefit base is the amount upon which your LPA will be based and is never available as a lump sum. During the benefit base roll-up period, your benefit base grows at double the average rate of interest credited to your fixed and indexed accounts. What this means is that if the average interest credited is 3.5%, your PrimePath 9 annuity's benefit base would grow at 7% ( $3.5\% \times 2 = 7\%$ ) that contract year.

During the benefit base roll-up period, the benefit base may be increased by 200% of the weighted average interest credit percentage to the fixed and index accounts (based on account allocations at the beginning of the contract year). The benefit base roll-up period is each contract anniversary until earlier of 15th contract anniversary or the lifetime payment election date.

### Benefit base bonus opportunities

If you don't take any withdrawals or turn on LPAs in the first five contract years, a benefit base bonus of 1% of your initial premium will be added to your benefit base at the end of the fifth contract year. Further, if no withdrawals are taken and you don't turn on LPAs in the first ten contract years, an additional 1% of your initial premium will be added to your benefit base at the end of the tenth contract year. The benefit base bonus does not increase your accumulation value and is not available as a lump sum.

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

### Benefit base floor

The benefit base floor is equal to your premiums, less any proportional reductions for withdrawals, accumulated at 1% per year. When you utilize your benefit base by starting LPAs, your benefit base is guaranteed to be no less than the benefit base floor.

### Death benefit maximum

The death benefit maximum is the benefit base as of the end of the benefit base roll-up period.

For the states of AK, CT, HI, ID, IL, MN, MO, MT, NH, NJ, OR, PA, UT, VA and WA the death benefit maximum is the lesser of benefit base as of the 15th contract anniversary or 250% multiplied by the total premium, less partial surrenders or premium adjusted for partial surrenders, accumulated at an annualized rate of 10%.





# Benefit base roll-up example

## Hypothetical example

**A hypothetical example of a couple approaching retirement will help explain how all of these values work together.**

Nick and Vicki have worked hard to save for retirement. Nick chose PrimePath 9 annuity because he liked the idea of growth potential of a fixed index annuity while not being subject to market losses. He put \$100,000 into his PrimePath 9 annuity and let it accumulate for 10 years without taking any withdrawals or starting LPAs.



**The chart below** shows the benefit base floor, which increases at 1% annually. The chart also shows how the benefit base increases each year, assuming that the average interest credited to the accumulation value was 3.5% each contract year. The benefit base roll-up rate is double that percentage, or 7% each year during the benefit base roll-up period. Since no withdrawals were taken in the first 10 years, a benefit base bonus of 1% of initial premium is added to the benefit base at the end of the fifth and tenth contract years.

## Hypothetical example

**Initial premium:**  
\$100,000

**Benefit base floor:**  
Increases at 1% annually

**Benefit base:**  
Benefit base roll-up is 200% of the hypothetical assumed annual interest credit to the accumulation value, or  $200\% \times 3.5\% = 7\%$  each year during the benefit base roll-up period.

**Benefit base bonus:**  
1% of initial premium is added to the benefit base if no withdrawals are taken in years one through five and years one through 10.

End of year (EOY)	Benefit base floor	Benefit base roll-up amount	Benefit base bonus	EOY benefit base
At Issue	\$100,000	\$0	\$0	\$100,000
1	\$101,000	\$7,000	\$0	\$107,000
2	\$102,010	\$7,490	\$0	\$114,490
3	\$103,030	\$8,014	\$0	\$122,504
4	\$104,060	\$8,575	\$0	\$131,080
5	\$105,101	\$9,176	\$1,000	\$141,255
6	\$106,152	\$9,888	\$0	\$151,143
7	\$107,214	\$10,580	\$0	\$161,723
8	\$108,286	\$11,321	\$0	\$173,044
9	\$109,369	\$12,113	\$0	\$185,157
10	\$110,462	\$12,961	\$1,000	\$199,118

*This hypothetical example is not intended to predict future performance. Alternative assumptions could produce different results.*

# Retirement income

Outliving income in retirement has become a concern for many retiring consumers. PrimePath 9 can provide confidence that it will be there to provide income you can't outlive, and to provide for the possibility of increasing payments over time.

## Lifetime payment amounts

After your 50th birthday, the PrimePath 9 fixed index annuity provides you two choices for taking lifetime payments.

### Level lifetime payments

This option provides a level payment amount for either the rest of your lifetime or the joint lifetime of you and your spouse. Any excess withdrawals that you may choose to take from your PrimePath 9 annuity's accumulation value will reduce your future lifetime payments by a proportional amount.

### Increasing lifetime payments

This option starts at a lower initial payment amount than the level payment option, but has the possibility of increasing each year, based on the average interest credited to your fixed and index accounts.

## Lifetime payment percentages (LPPs)

Level LPP		
Attained age of covered person	SINGLE covered person	JOINT covered person
50	3.00%	2.50%
55	3.50%	3.00%
60	4.00%	3.50%
65	4.50%	4.00%
70	5.00%	4.50%
75	5.50%	5.00%
80	6.00%	5.50%
85+	6.50%	6.00%

Increasing LPP		
Attained age of covered person	SINGLE covered person	JOINT covered person
50	2.00%	1.50%
55	2.50%	2.00%
60	3.00%	2.50%
65	3.50%	3.00%
70	4.00%	3.50%
75	4.50%	4.00%
80	5.00%	4.50%
85+	5.50%	5.00%

Lifetime payment percentages increase by 10 bps for each attained age between ages 50 and 85.

## LPA example

When Nick starts his lifetime payments, he talks with his financial professional about whether he wants a level payment amount for the higher initial LPA or if he is interested in the increasing payment option (with an initially lower payment) that may be able to help protect purchasing power of his lifetime payments.

### Hypothetical example

#### Benefit base:

\$199,118

#### Age:

70 (issue age 60)

#### Level payout:

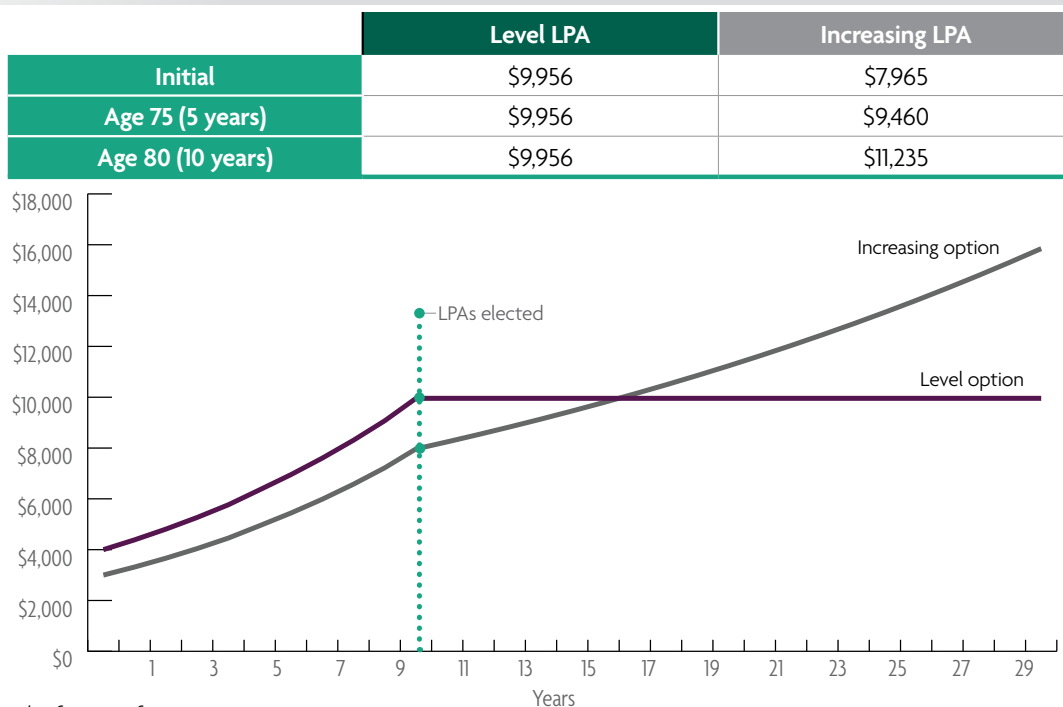
5.00%

#### Increasing payout:

4.00%

#### LPA increase percentage:

LPA increase percentage is 3.5%, which is 100% of the hypothetical assumed average annual interest credit percentage to the accumulation value.



This hypothetical example is not intended to predict future performance. Alternative assumptions could produce different results.



# Flexibility for unexpected paths

## Penalty-free withdrawals

Like most annuities, you'll be limited in when and how much you can withdraw from your annuity penalty-free. However, PrimePath 9 is intended to be a long-term product to provide lifetime income in retirement. After the first contract anniversary, a penalty-free withdrawal (also known as a penalty-free partial surrender) of up to 7% 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 may be treated by the government as ordinary income. If taken before age 59 1/2, you may also have to pay a 10% IRS penalty. Withdrawals will reduce your accumulation value accordingly.

By current company practice\*, we'll waive surrender charges, and market value adjustments on any portion of an IRS-required minimum distribution that goes beyond what's available to you penalty-free.

*While it's nice to know that penalty-free withdrawals are available if you need them before you start taking lifetime payments from PrimePath 9, keep in mind that if you don't take any withdrawals, you receive benefit base bonuses after the fifth and tenth contract years. It is also important to understand that taking penalty-free withdrawals will reduce your benefit base and benefit base floor, as well as your future LPA.*

## Nursing home confinement waiver

(may not be available in all states)

After your first contract year, if you become confined to a qualified nursing care facility for 90 consecutive days, you can withdraw 100% of your accumulation value without a surrender charge and without application of a market value adjustment. You cannot be confined at the time your contract is issued. This rider 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.

## Annuitization

As an alternative to the lifetime payment amount, PrimePath 9 annuity offers annuity payout options. Discuss with your financial professional the differences between annuitization (electing an annuity payout option) and taking LPAs.

\* 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.

## Your annuitization payout options

Upon annuitization, PrimePath 9 offers a variety of income options to suit the needs of annuitants, from just a certain number of years, to a lifetime income option. These optional payouts are available in deferred annuities like PrimePath but are not required.

Once a payout option is elected it cannot be changed and all other rights and benefits under the annuity end.

In a non-qualified annuity, generally, your premium has already been taxed. A portion of each income payout from a non-qualified plan would be considered a return of premium. That amount would not be taxable, but any credited gains would be.

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.

## Payout options

With the exception of life income options, income options are available from five 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. The following options are available:

- life income
- life income with a 10-year or 20-Year period certain
- joint and survivor life income
- joint and survivor life income with 10-year or 20-year period certain

## Market value adjustment (MVA)

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 all states except **California**. 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 market value adjustment period to surrenders exceeding the applicable penalty-free allowance.

See the “Understanding the market value adjustment” brochure for more information.

## Surrender charges

During the surrender charge period, a surrender charge is assessed on any amount withdrawn, as a partial or full surrender, that exceeds the penalty-free amount and may result in a loss of premium. Additional premiums deposited into existing contracts will maintain the surrender charge schedule set forth at policy issue date. Certain annuity payout options may incur a surrender charge.

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

## Surrender charge schedule

Contract year	9-year
1	10%
2	10%
3	10%
4	10%
5	10%
6	9%
7	8%
8	6%
9	4%
10+	0%

## Surrender charge schedule state variations

Contract year	9-year AK, CT, DE, HI, ID, IL, MN, MO, MT, NH, NJ, NV, OH, OK, OR, PA, SC, TX, UT, VA, WA	9-year CA
1	9%	8%
2	8.5%	7.45%
3	7.5%	6.5%
4	6.5%	5.5%
5	5.5%	4.55%
6	4.5%	3.55%
7	3.5%	2.55%
8	3%	1.5%
9	2%	0.50%
10+	0%	0%



\* 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.



# What if...

## LPA multiplier

(LPA multiplier is not available in California).

If you have a health event after your second contract year that leaves you unable to perform at least two of the six “activities of daily living” (ADLs) as defined in your contract, your lifetime payment amount can double for up to five years of payments, as long as you continue to meet the requirements on each annual payment date.

*This feature is no longer available when the accumulation value reaches zero.*

Regardless if you choose the level or increasing LPA option, your LPA multiplier benefit is always double the LPA for the current year.

## Here's a hypothetical example of how this could work for you.

At age 70, Nick decides to turn on his level LPAs, which in our example, is \$9,956 annually. If eligibility requirements are met, the LPA multiplier can then double the level LPA to \$19,912 annually for up to five years of payments.

## Age 70

- Begin single annuitant lifetime annual payment

\$9,956

Level LPA



\$19,912

With 2x LPA multiplier

*This hypothetical example is not intended to predict future performance. Alternative assumptions could produce different results.*

# What if...

## Spousal continuance

### Before starting LPAs

If your spouse is your sole beneficiary, then your spouse can continue the annuity until he/she is ready to start taking LPAs.

If joint income is elected on your PrimePath 9 annuity, your spouse can continue taking LPAs for the rest of his/her life. If not joint, LPAs can't continue.

## Death benefit

Even if you purchased your annuity for lifetime payments, the PrimePath 9 annuity's death benefit provides the opportunity to leave some or all of your annuity's value to loved ones.

### Before starting LPAs

If you should pass away before starting lifetime payments, your beneficiaries have the option to receive your Benefit Base paid out in five equal annual payments. This death benefit may be limited; see page 8 for more information. Alternatively, your beneficiaries also have the option to receive any remaining accumulation value as a lump sum.

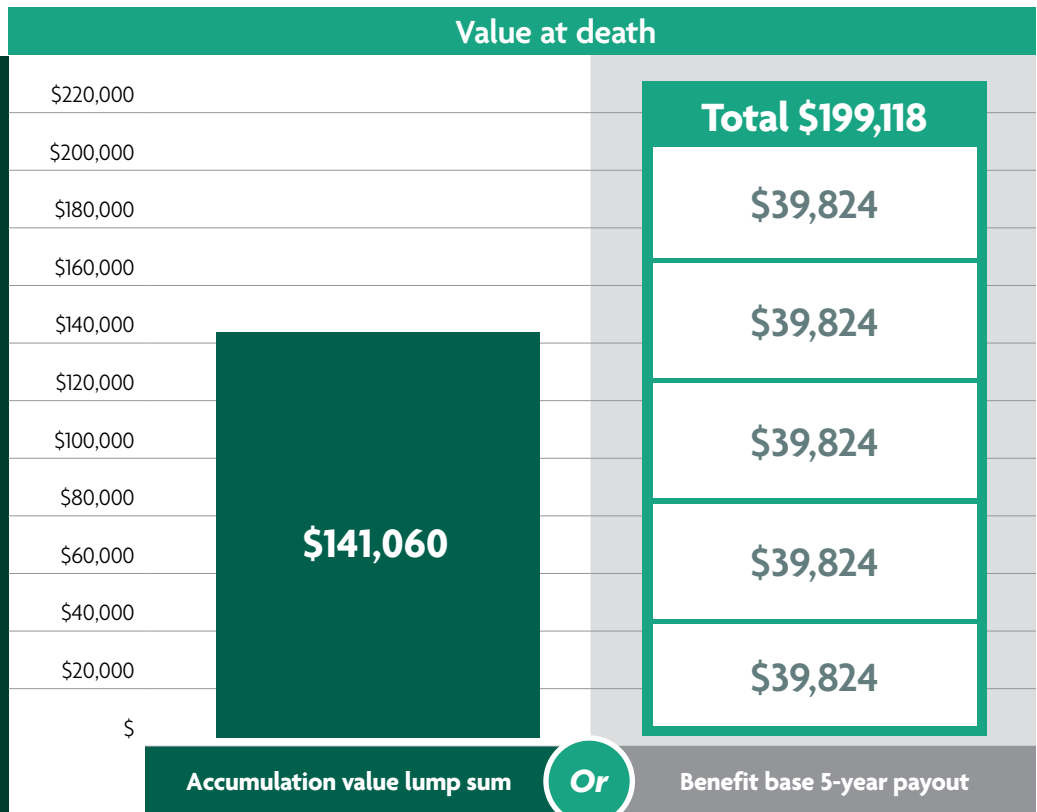
### After starting LPAs

If you pass away after you have begun taking lifetime payments, your beneficiaries will receive any remaining accumulation value.

## Hypothetical death benefit example

### Assumptions:

- \$100,000 initial premium
- No additional premium, no withdrawals
- 10-year accumulation prior to death; the average interest credit to the accumulation value is an assumed and hypothetical rate of 3.5%



This hypothetical example is not intended to predict future performance. Alternative assumptions could produce different results.

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The term financial professional is not intended to imply engagement in an advisory business in which compensation is not related to sales. Financial professionals that are insurance licensed will be paid a commission on the sale of an insurance product.

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