3 Ways To Use $$$

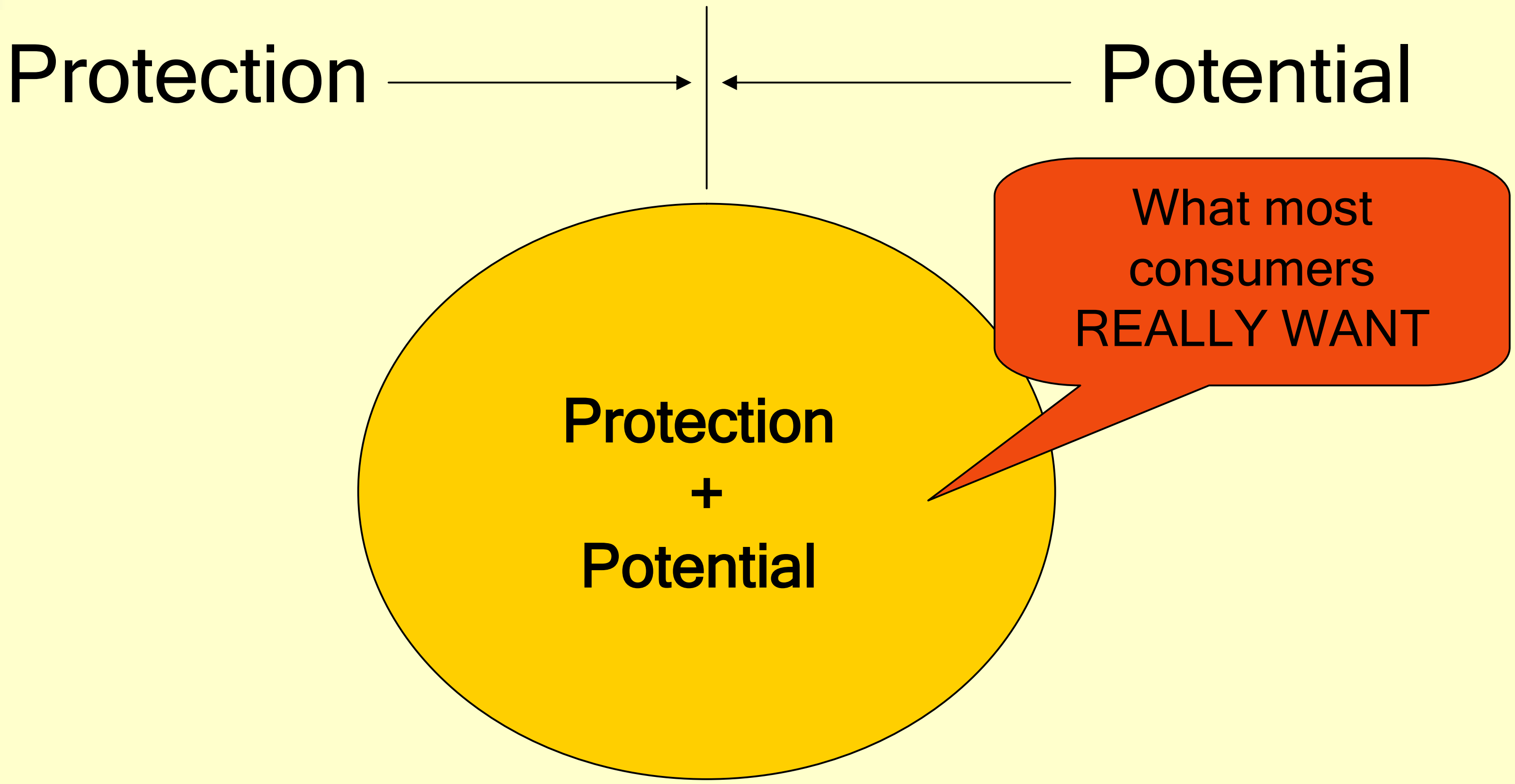
- Spend them
- Save them
- Invest them (and sometimes lose them!)

What Consumers Want

Protection	*Potential*
CD's	Mutual Funds
T-Bills	Bonds
Fixed Annuities	Variable Annuities
	Stocks
	Real Estate

Usually, becomes an "either-or" decision.

Consumers Tend To Go Back and Forth



Don’t Tell Me How Much I Can Make . . .

Tell me how much I can lose!

And For Good Reason . . .

From High to Low[1]	High		Low	
6-month CD Yield	8/01/81	17.98%	6/01/03	1.03%
10-year US. Treasury Yield	9/01/81	15.32%	6/13/03	3.10%
Inflation Rate	4/01/80	14.59%	2/01/03	1.14%
Dow Jones Industrial Average	4/11/00	11,287	10/09/02	7,286

[1]The Advantage Compendium

From Highs To Lows . . .

From High to Low	% Loss / Reduction
6-month CD Yield	94%
10-year US. Treasury Yield	80%
Consumer Price Index	92%
Dow Jones Industrial Average	35%

What Consumers May Do Now

Protection + Potential

Equals

Fixed Index Annuity

You vote with your dollars. . .

- 1997 Sales . . .$3+ Billion
- 1998 Sales . . .$4.2 Billion
- 1999 Sales . . . $5.15 Billion
- 2000 Sales . . . $5.25 Billion
- 2001 Sales . . . $6.5 Billion
- 2002 Sales . . . $11.7 Billion
- 2003 Sales . . . $14+ Billion
- 2004 Sales . . . $23 Billion

A Fixed Index Annuity Combines . . .

the best of the two parts:

- Protection
- Potential

Combines Strengths Of A Fixed Annuity

- A savings instrument issued by an insurance company
- It has a guarantee of principal
- It pays a stated rate of interest
- It has a guaranteed minimum interest rate
- It is not subject to market risk
- It will pay out income many different ways

With Strong Benefits

- Income Tax Deferral
- Competitive Current Rates
- Income You Cannot Outlive
- No Market Risk To Principal
- Avoid Probate
- Credit Risk Protection
- Min. Lifetime Interest %

Fixed Annuities Are Basically Similar . . .

except for how they <u>credit interest</u>.

Fixed Index Annuities Are

fixed annuities, with an interest rate that is linked to an index.

Fixed Index Annuities Have 2 Key Parts:

- The 1st part is PROTECTION–the guarantees

- The 2nd part is POTENTIAL–the index.

  The index offers a *range of potential* much greater than savings instruments.

The Result

Protection + Potential

Equals

Fixed Index Annuity

How Fixed Index Annuities Work

- The insurance company uses the large majority of your premium to purchase bonds, which make up the protection part of the annuity
- A smaller part purchases index options which make up the potential part of the annuity. The insurance company only completes the option after it is UP in value ("buy low, sell high")
- You are not "in the market"

S&P 500 Index

The most frequently used index. Includes:

Aflac	Home Depot
Budweiser	IBM
Campbell's	McDonald's
Coca-Cola	Microsoft

Tends to reflect the health of the U.S. economy.

Which Way For The Market?

- This year, next year, and years beyond
- Will “the market” be UP or DOWN?

Answer: Yes!

And <u>both circumstances can benefit you</u> as a long-term investor.

Typical Design Benefits

- All index credits are locked in on each contract period
- Protects against negative years in the market
- All new calculations begin where previous contract period ended
- Easy to understand

What This Means To You

How Money Grows:

$100,000

Year	Market	Fixed Index Annuity
1	+24%	+14%
2	+16%	+ 8%
3	+12%	+ 6%
4	-24%	+ 0%
5	+14%	+ 7%
TOTALS	**+42%**	**+35%**

What It Looks Like–In Real $$$

$100,000

Year	Market	Fixed Index Annuity
1	$124,000	$114,000
2	$143,840	$123,120
3	$161,101	$130,507
4	$122,437	$130,507
5	$139,578	$139,643

ZERO (losses, ever) is your HERO

35% returns more than 42%

Real $$$--Another Example

$100,000

Year	A	B
1	$ 76,000	$100,000
2	$ 88,160	$108,000
3	$ 98,739	$114,480
4	$122,437	$130,507
5	$139,578	$139,643

Anxiety, maybe panic, at ¼ of your $ gone in 1st year. Many people sell here, and never recover.

ZERO (losses, ever) is your HERO

35% returns more than 42%

How Are Annuities Made Safe?

- Federal government and state government oversight in many areas: legal reserves, types and amounts of investments, proper accounting procedures, auditing, inspections, etc.
- State insurance guarantee funds
- Independent rating services
- Readiness of other insurers to buy contracts, assets, and liabilities

Addressing Other Risks . . .

- **Inflation Risk**--The inflation rate exceeds CD returns 1 year in 5

  Inflation + taxes exceed CD rates 50% of the time
- **Interest Rate Risk**--While principal will not fluctuate, the interest rate may decrease by over 50% in any given year without prior notice
- **Income Tax Risk**–income taxes are certain to be incurred, unless you take active steps to reduce, defer, or eliminate them

Typical Annuity Liquidity

- 10% free withdrawal after 1st year
- Death of owner–greater of account value or minimum guaranteed surrender value
- Terminal illness
- Nursing home confinement
- Minimum required distributions (IRA, 401(k), 403(b), etc.)
- Unemployment

Fixed Index Annuity Advantages

- Income tax advantages
- Income you cannot outlive
- Great protection
- Greater liquidity (than CD's, for example)
- Much greater potential for interest

Information without action is useless

Together, we can **MAKE IT HAPPEN!**