

12. JOINT ANNUITANT: (full name, mailing address, and relationship to Proposed Annuitant) _____

13. BENEFICIARY (Subject to change. Full Name, Address, Phone, and Relationship)

14. ADDITIONAL OTHER, DETAILS, AND SPECIAL REQUESTS (Indicate Question Number)

THOSE WHO SIGN THIS APPLICATION AGREE THAT:

1. All of the statements in this application are correctly recorded, and are complete and true to the best of the knowledge and belief of those who made them.
2. No Agent is authorized to accept risks, make or change contracts, or give up any of the Insurer's rights or requirements.
3. Unless otherwise stated in question 14, the Applicant will own the policy and the Proposed Annuitant (if not Applicant) will be the successor owner.
4. To put the policy issued in force, the policy must be delivered to applicant.

Dated at _____ on _____ day of _____, 20____

Signature of Proposed Annuitant (applicant), _____

Signature of Applicant (if not Proposed Annuitant), _____

(PRINT Applicant's Name, Address, Relationship to Proposed Annuitant, Social Security Number)

To the best of my knowledge and belief this annuity will will not replace any life insurance policy or annuity.

I represent that: 1) I am a duly licensed agent of this insurance company; 2) I have truly and accurately recorded all answers given to me; 3) I have explained the provisions of the policy being applied for; and 4) if a deposit has been rendered, I have given a company receipt for initial premium in the amount of \$ _____ which as been paid to me by: check cash money order.

Witness _____ Agent _____ Date _____

Countersigned by licensed resident agent (if required)

ANNUITANT _____

LIVING BROTHERS AND SISTERS OR FOUR REFERENCES (Addresses and Phone Numbers)

- | | |
|----------------------------|----------------------------|
| 1. _____

_____ | 3. _____

_____ |
| 2. _____

_____ | 4. _____

_____ |

*-----

AMERICAN UNDERWRITERS LIFE INSURANCE COM.
Administrative Offices: P.O. Box 9510 Wichita, Kansas
(316) 794-2200

Received from _____ on _____, 20__

the sum of _____ Dollars (\$_____)

the amount specified in Question 8 of the application bearing the same date as this receipt. This payment is received subject to the provisions of this receipt and its conditional Temporary Coverage Agreement below. Any check rendered must be made payable to American Underwriters Life Insurance Company and will be received subject to collection.

This receipt is not transferable.

Agent

CONDITIONAL TEMPORARY COVERAGE AGREEMENT

Coverage provided by this receipt is temporary and limited to the amount of the initial premium deposit. Full Coverage under the annuity policy will take affect on the later of _____, the date the policy is issued, or the requested policy date; provided all written representations are true and complete. Interest credited to the initial deposit will not begin until the later of the effective date of the policy or the requested policy date.

NOTE: If no premium deposit is received with the application, this receipt and Conditional Temporary Coverage Agreement must remain attached to the application.

AGENT REPORT

Agent Name (Please Print) (split)	Agent Number	% of Commission

Deliver policy to: _____



AMERICAN UNDERWRITERS LIFE INSURANCE COMPANY

ADMINISTRATIVE OFFICES: P.O. BOX 9510
WICHITA, KANSAS 67277

Telephone ● 316-794-2200 ● FAX 316-794-8470 ● EMAIL iai@iai-online.com

ANNUITY DISCLOSURE

I understand and acknowledge that I am purchasing a Single Premium Flexible Premium deferred annuity. An annuity is usually a long-term contract in which the insurance company promises to pay the annuitant an income at retirement. I agree to purchase a Money Market High-Yield Flexible Premium annuity.

I understand that:

- ◆ The initial interest rate is _____%, is not guaranteed, and may change after three months 12 months.
- ◆ The interest rate credited to my account will never be less than 3% 3.5%.
- ◆ Even though annuities are designed long-term accumulation products, I always have access to the account value.
- ◆ There are surrender charges if I withdraw any money:
 - in the first year. After the first year I may withdraw up to 10% of the account value each year without incurring any surrender charges. There are no surrender charges after:
 - 7 years 10 years 12 years.
 - within the first 7 years 10 years 12 years, after which there are no surrender charges.
- ◆ There are no surrender charges.
- ◆ There are several income options at maturity or when I choose to annuitize my policy. Among my choices are: a) interest payments only, b) installments for a specific time period or for a specific amount, c) a life income with a certain guarantee period, or d) a special settlement that the company and I agree to.
- ◆ Any payment to me or any withdrawal I make will decrease the account value for that amount.
- ◆ The amount of any premium tax will be deducted from my account value in the month in which it is paid to the state.
- ◆ If the annuitant dies, the full account value will be paid as a death benefit. No surrender charges or disbursement charges will be assessed.

◆ Surrender charges:

Policy Year	1	2	3	4	5	6	7	8	9	10	11	12	13
<input type="checkbox"/> Surrender Charge	10%	9%	8%	7%	6%	5%	4%	3%	2%	1%	-	-	-
<input type="checkbox"/> Surrender Charge	7%	6%	5%	4%	3%	2%	1%	-	-	-	-	-	-
<input type="checkbox"/> Surrender Charge	10%	10%	10%	9%	8%	7%	6%	5%	4%	3%	2%	1%	-

- ◆ In addition to surrender charges there is a charge of \$10.00 for disbursements and withdrawals.
- ◆ Interest left to accumulate is not usually subject to taxation until withdrawn.
- ◆ The IRS may impose a 10% penalty on withdrawals from qualified annuities before age 59½, except under specific conditions.
- ◆ Neither the insurance company nor the agent gives legal, tax, or investment advice. I must contact my own tax adviser for such information.
- ◆ I, the applicant, have discussed refused to discuss my financial/tax status and my investment objectives with the agent and have decided that this annuity is the correct purchase for me.

This Disclosure statement is a summary of the company's annuities. Some state variations may apply. The exact terms of an annuity, contained in the policy and any attached riders, will control the company's contractual obligations.

After due consideration, I consider this annuity policy a suitable product for my financial needs. I have been given a copy of this Disclosure and a copy of the Buyer's Guide to Deferred Annuities.
The agent did did not leave sales material with me.

After discussion with the applicant, I know of no reason this annuity policy would not be suitable for his/her financial needs.
 I used only sales material provided by the company and left a copy with the Applicant.

Applicant

Date

Agent

Agent #

Date

Buyer's Guide to Fixed Deferred Annuities

Prepared by the National Association of Insurance Commissioners. The National Association of Insurance Commissioners is an association of state insurance regulatory officials. This association helps the various state insurance regulatory officials to coordinate insurance laws for the benefit of all consumers. This guide does not endorse any company or policy. Reprinted by American Underwriters Life Insurance Company, P.O. Box 9510, Wichita, Kansas 67277-0910.

It is important that you understand the differences among various annuities so you can choose the kind that best fits your needs. This guide focuses on fixed deferred annuity contracts. There is, however, a brief description of variable annuities. If you're thinking of buying an equity-indexed annuity, an appendix to this guide will give you specific information. This Guide isn't meant to offer legal, financial or tax advice. You may want to consult independent advisors. At the end of this Guide are questions you should ask your agent or the company. Make sure you're satisfied with the answers before you buy.

WHAT'S AN ANNUITY?

An annuity is a contract in which an insurance company makes a series of income payments at regular intervals in return for a premium or premiums you have paid. Annuities are most often bought for future retirement income. Only an annuity can pay an income that can be guaranteed to last as long as you live.

An annuity is neither a life insurance nor a health insurance policy. It's not a savings account or a savings certificate. You shouldn't buy an annuity to reach short-term financial goals.

Your value in an annuity contract is the premiums you've paid, less any applicable charges, plus interest credited. The insurance company uses the value to figure the amount of most of the benefits that you can choose to receive from an annuity contract. This guide explains how interest is credited as well as some typical charges and benefits of annuity contracts.

A deferred annuity has two parts or periods. During the accumulation period, the money you put into the annuity, less any applicable charges, earns interest. The earnings grow tax-deferred as long as you leave them in the annuity. During the second period, called the payout period, the company pays income to you or to someone you choose.

WHAT ARE THE DIFFERENT KINDS OF ANNUITIES?

This guide explains major differences in different kinds of annuities to help you understand how each might meet your needs. But look at the specific terms of an individual contract you're considering and the disclosure document you receive. If your

annuity is being used to fund or provide benefits under a pension plan, the benefits you get will depend on the terms of the plan. Contact your pension plan administrator for information.

This Buyers Guide will focus on individual fixed deferred annuities.

Single Premium or Multiple Premium

You pay the insurance company only one payment for a single premium annuity. You make a series of payments for a multiple premium annuity. There are two kinds of multiple premium annuities. One kind is a flexible premium contract. Within set limits, you pay as much premium as you want, whenever you want. In the other kind, a scheduled premium annuity, the contract spells out your payments and how often you'll make them.

Immediate or Deferred

With an immediate annuity, income payments start no later than one year after you pay the premium. You usually pay for an immediate annuity with one payment.

The income payments from a deferred annuity often start many years later. Deferred annuities have an accumulation period, which is the time between when you start paying premiums and when income payments start.

Fixed or Variable Fixed

During the accumulation period of a fixed deferred annuity, your money (less any applicable charges) earns interest at rates set by the insurance company or in a way spelled out in the annuity contract. The company guarantees that it will pay no less than a minimum rate of interest. During the payout period, the amount of each income payment to you is generally set when the payments start and will not change.

Variable

During the accumulation period of a variable annuity, the insurance company puts your premiums (less any applicable charges) into a separate account. You decide how the company will invest those premiums, depending on how much risk you want to take. You may put your premium into a stock, bond or other account, with no guarantees, or into a fixed account, with a

minimum guaranteed interest. During the payout period of a variable annuity, the amount of each income payment to you may be fixed (set at the beginning) or variable (changing with the value of the investments in the separate account).

HOW ARE THE INTEREST RATES SET FOR MY FIXED DEFERRED ANNUITY?

During the accumulation period, your money (less any applicable charges) earns interest at rates that change from time to time. Usually, what these rates will be is entirely up to the insurance company.

Current Interest Rate

The current rate is the rate the company decides to credit to your contract at a particular time. The company will guarantee it will not change for some time period.

The initial rate is an interest rate the insurance company may credit for a set period of time after you first buy your annuity. The initial rate in some contracts may be higher than it will be later. This is often called a bonus rate.

The renewal rate is the rate credited by the company after the end of the set time period. The contract tells how the company will set the renewal rate, which may be tied to an external reference or index.

Minimum Guaranteed Rate

The minimum guaranteed interest rate is the lowest rate your annuity will earn. This rate is stated in the contract.

Multiple Interest Rates

Some annuity contracts apply different interest rates to each premium you pay or to premiums you pay during different time periods.

Other annuity contracts may have two or more accumulated values that fund different benefit options. These accumulated values may use different interest rates. You get only one of the accumulated values depending on which benefit you choose.

WHAT CHARGES MAY BE SUBTRACTED FROM MY FIXED DEFERRED ANNUITY?

Most annuities have charges related to the cost of selling or servicing it. These charges may be subtracted directly from the contract value. Ask your agent or the company to describe the charges that apply to your annuity. Some examples of charges, fees and taxes are:

Surrender or Withdrawal Charges

If you need access to your money, you may be able to take all or part of the value out of your annuity at any time during the accumulation period. If you take out part of the value, you may pay a withdrawal charge. If you take out all of the value and surrender or terminate the annuity, you may pay a surrender charge. In either case, the

company may figure the charge as a percentage of the value of the contract, of the premiums you've paid or of the amount you're withdrawing. The company may reduce or even eliminate the surrender charge after you've had the contract for a stated number of years. A company may waive the surrender charge when it pays a death benefit.

Some annuities have stated terms. When the term is up, the contract may automatically expire or renew. You're usually given a short period of time, called a window, to decide if you want to renew or surrender the annuity. If you surrender during the window, you won't have to pay surrender charges. If you renew, the surrender or withdrawal charges may start over.

In some annuities, there is no charge if you surrender your contract when the company's current interest rate falls below a certain level. This may be called a bail-out option.

In a multiple-premium annuity, the surrender charge may apply to each premium paid for a certain period of time. This may be called a rolling surrender or withdrawal charge.

Some annuity contracts have a market value adjustment feature. If interest rates are different when you surrender your annuity than when you bought it, a market value adjustment may make the cash surrender value higher or lower. Since you and the insurance company share this risk, an annuity with a MVA feature may credit a higher rate than an annuity without that feature.

Be sure to read the Tax Treatment section and ask your tax advisor for information about possible tax penalties on withdrawals.

Free Withdrawal

Your annuity may have a limited free withdrawal feature. That lets you make one or more withdrawals without a charge. The size of the free withdrawal is often limited to a set percentage of your contract value. If you make a larger withdrawal, you may pay withdrawal charges. You may lose any interest above the minimum guaranteed rate on the amount withdrawn. Some annuities waive withdrawal charges in certain situations, such as death, confinement in a nursing home or terminal illness.

Contract Fee

A contract fee is a flat dollar amount charged either once or annually. Transaction Fee. A transaction fee is a charge per premium payment or other transaction

Percentage of Premium Charge

A percentage of premium charge is a charge deducted from each premium paid. The percentage may be lower after the contract has been in force for a certain number of years or after total premiums paid have reached a certain amount.

Premium Tax

Some states charge a tax on annuities. The insurance company pays this tax to the state. The company may subtract the amount of the tax when you pay your premium, when you withdraw your contract value, when you start to receive income payments or when it pays a death benefit to your beneficiary.

WHAT ARE SOME FIXED DEFERRED ANNUITY CONTRACT BENEFITS?

Annuity Income Payments

One of the most important benefits of deferred annuities is your ability to use the value built up during the accumulation period to give you a lump sum payment or to make income payments during the payout period. Income payments are usually made monthly but you may choose to receive them less often. The size of income payments is based on the accumulated value in your annuity and the annuity's benefit rate in effect when income payments start. The benefit rate usually depends on your age and sex, and the annuity payment option you choose. For example, you might choose payments that continue as long as you live, as long as your spouse lives or for a set number of years.

There is a table of guaranteed benefit rates in each annuity contract. Most companies have current benefit rates as well. The company can change the current rates at any time, but the current rates can never be less than the guaranteed benefit rates. When income payments start, the insurance company generally uses the benefit rate in effect at that time to figure the amount of your income payment.

Companies may offer various income payment options. You (the owner) or another person that you name may choose the option. The options are described here as if the payments are made to you.

Life Only - The company pays income for your lifetime. It doesn't make any payments to anyone after you die. This payment option usually pays the highest income possible. You might choose it if you have no dependents, if you have taken care of them through other means or if the dependents have enough income of their own.

Life Annuity with Period Certain - The company pays income for as long as you live and guarantees to make payments for a set number of years even if you die. This period certain is usually 10 or 20 years. If you live longer than the period certain, you continue to receive payments until you die. If you die during the period certain, your beneficiary gets regular payments for the rest of that period. If you die after the period certain, your beneficiary doesn't receive any payments from your annuity. Because the "period certain" is an added benefit, each income payment will be smaller than in a life only option.

Joint and Survivor - The company pays income as long as either you or your beneficiary lives. You

may choose to decrease the amount of the payments after the first death. You may also be able to choose to have payments continue for a set length of time. Because the survivor feature is an added benefit, each income payment is smaller than in a life only option.

Death Benefit

In some annuity contracts, the company may pay a death benefit to your beneficiary if you die before the income payments start. The most common death benefit is the contract value or the premiums paid, whichever is more.

CAN MY ANNUITY'S VALUE BE DIFFERENT DEPENDING ON MY CHOICE OF BENEFIT?

While all deferred annuities offer a choice of benefits, some use different accumulated values to pay different benefits. For example, an annuity may use one value if annuity payments are for retirement benefits and a different value if the annuity is surrendered. As another example, an annuity may use one value for long-term care benefits and a different value if the annuity is surrendered. You can't receive more than one benefit at the same time.

WHAT ABOUT THE TAX TREATMENT OF ANNUITIES?

Below is a general discussion about taxes and annuities. You should consult a professional tax advisor to discuss your individual tax situation.

Under current federal law, annuities receive special tax treatment. Income tax on annuities is deferred, which means you are not taxed on the interest your money earns while it stays in the annuity. Tax deferred accumulation is not the same as tax-free accumulation. An advantage of tax deferral is that the tax bracket you're in when you receive annuity income payments may be lower than the one you're in during the accumulation period. You'll also be earning interest on the amount you would have paid in taxes during the accumulation period. Most states' tax laws on annuities follow the federal law.

Part of the payments you receive from an annuity will be considered as a return of the premium you've paid. You won't have to pay taxes on that part. Another part of the payments is considered interest you've earned. You must pay taxes on the part that is considered interest when you withdraw the money. You may also have to pay a 10% tax penalty if you withdraw the accumulation before age 59½. The Internal Revenue Code also has rules about distributions after the death of a contract holder.

Annuities used to fund certain employee pension benefit plans (those under Internal Revenue Code Sections 404(a), 401(k), 403(b), 457 or 414) defer taxes on plan contributions as well as on interest or investment income. Within the limits set by the law, you can use pretax dollars to make payments to the annuity. When you take money out, it will be taxed.

You can also use annuities to fund traditional and Roth IRAs under Internal Revenue Code Section 408. If you buy an annuity to fund an IRA, you will receive a disclosure statement describing the tax treatment.

WHAT IS A "FREE LOOK" PROVISION?

Many states have laws which give you a set number of days to look at the annuity contract after you buy it. If you decide during that time that you don't want the annuity, you can return the contract and get all your money back. This is often referred to as a free look or right to return period. The free look period should be prominently stated in your contract. Be sure to read your contract carefully during the free look period.

HOW DO I KNOW IF A FIXED DEFERRED ANNUITY IS RIGHT FOR ME?

The questions listed below may help you decide which type of annuity, if any, meets your retirement planning and financial needs. You should think about what your goals are for the money you may put into the annuity. You need to think about how much risk you're willing to take with the money. Ask yourself:

- How much retirement income will I need in addition to what I will get from Social Security and my pension?
- Will I need that additional income only for myself or for myself and someone else?
- How long can I leave my money in the annuity?
- When will I need income payments?
- Does the annuity let me get money when I need it?
- Do I want a fixed annuity with a guaranteed interest rate and little or no risk of losing the principal?
- Do I want a variable annuity with the potential for higher earnings that aren't guaranteed and the possibility that I may risk losing principal?
- Or, am I somewhere in between and willing to take some risks with an equity-indexed annuity?

WHAT QUESTIONS SHOULD I ASK MY AGENT OR THE COMPANY?

- Is this a single premium or multiple premium contract?
- Is this an equity-indexed annuity?
- What is the initial interest rate and how long is it guaranteed?
- Does the initial rate include a bonus rate and how much is the bonus?
- What is the guaranteed minimum interest rate?
- What renewal rate is the company crediting on annuity contracts of the same type that were issued last year?

- Are there withdrawal or surrender charges or penalties if I want to end my contract early and take out all of my money? How much are they?
- Can I get a partial withdrawal without paying surrender or other charges or losing interest?
- Does my annuity waive withdrawal charges for reasons such as death, confinement in a nursing home or terminal illness?
- Is there a market value adjustment (MVA) provision in my annuity?
- What other charges, if any, may be deducted from my premium or contract value?
- If I pick a shorter or longer payout period or surrender the annuity, will the accumulated value or the way interest is credited change?
- Is there a death benefit? How is it set? Can it change?
- What income payment options can I choose?
- Once I choose a payment option, can I change it?

FINAL POINTS TO CONSIDER

Before you decide to buy an annuity, you should review the contract. Terms and conditions of each annuity contract will vary.

Ask yourself if, depending on your needs or age, this annuity is right for you. Taking money out of an annuity may mean you must pay taxes. Also, while it is sometimes possible to transfer the value of an older annuity into a new annuity, the new annuity may have a new schedule of charges that could mean new expenses you must pay directly or indirectly.

You should understand the long-term nature of your purchase. Be sure you plan to keep an annuity loan long enough that the charges don't take too much of the money you put in. Be sure you understand the effect of all charges.

If you're buying an annuity to fund an IRA or other tax deferred retirement program be sure that you're eligible. Also, ask if there are any restrictions connected with the program.

Remember that the quality of service that you can earn from the company and the agent is a very important factor in your decision.

When you receive your annuity contract, READ IT CAREFULLY!! Ask the agent and company for an explanation of anything you don't understand. Do this before any free look period ends.

Compare information for similar contracts from several companies. Comparing products may help you make a better decision.

If you have a specific question or can't get answers you need from the agent or company, contact your state insurance department.