



---

CONSUMER BROCHURE



**GUARANTY**  
INCOME LIFE INSURANCE COMPANY





# RateWise Annuity™

## A Wise Decision

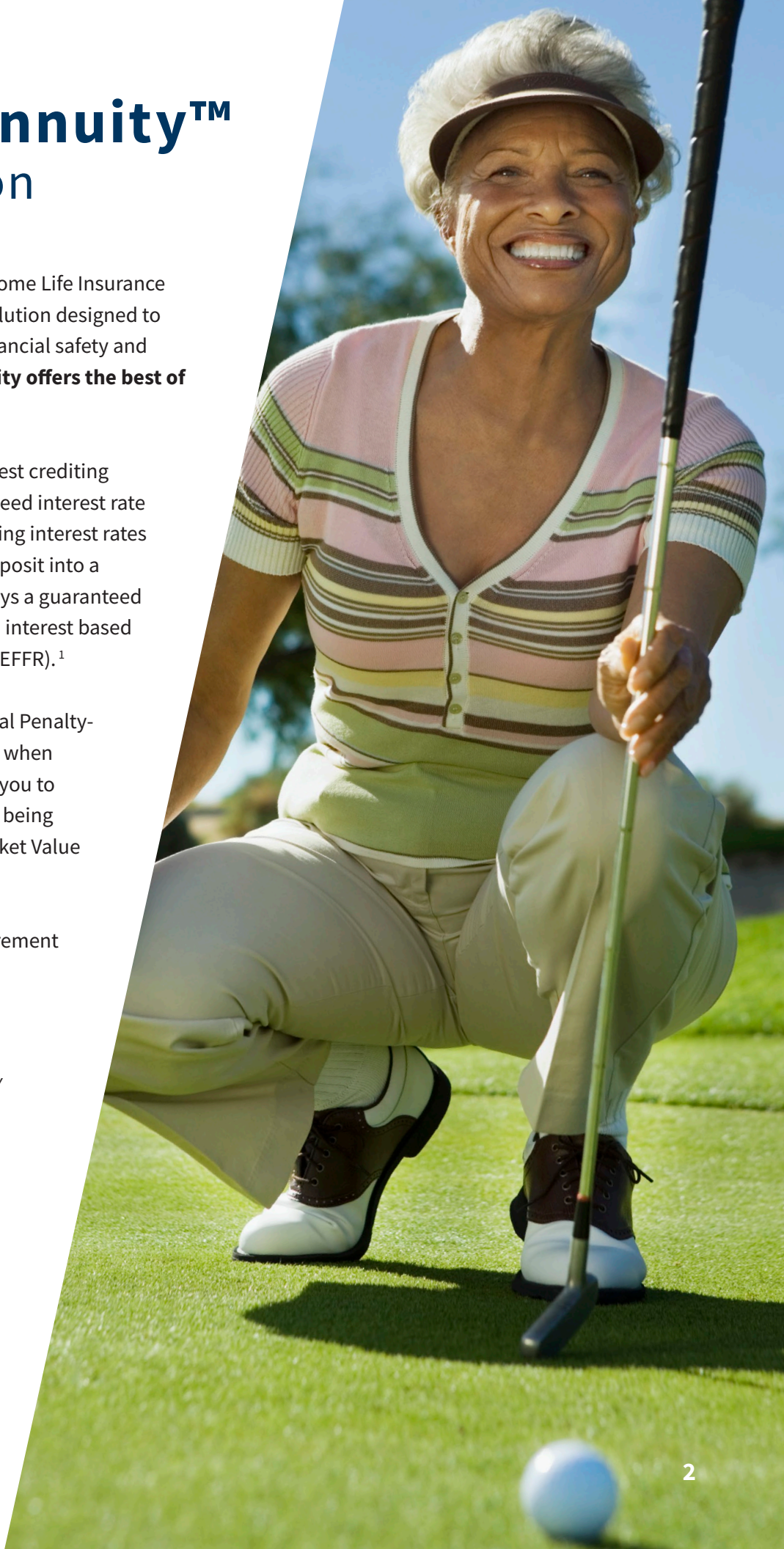
RateWise Annuity from Guaranty Income Life Insurance Company (GILICO) is a retirement solution designed to provide you and your family with financial safety and growth. Simply put, **RateWise Annuity offers the best of both worlds!**

RateWise Annuity provides two interest crediting options: the safety of a fixed guaranteed interest rate and/or the option to benefit from rising interest rates by placing a portion (or all) of the deposit into a floating rate interest account that pays a guaranteed interest rate plus additional credited interest based on the Effective Federal Funds Rate (EFFR).<sup>1</sup>

RateWise Annuity also has an optional Penalty-free Partial Withdrawal Rider, which, when purchased with the contract, allows you to withdraw a portion of funds without being assessed surrender charges and Market Value Adjustments.

Choosing RateWise Annuity as a retirement option is a wise choice!

<sup>1</sup>The Effective Federal Funds Rate is the interest rate at which a depository institution lends funds maintained at the Federal Reserve overnight to another depository institution. The Effective Federal Funds Rate is one of the most influential interest rates in the U.S. economy.





## **RATEWISE ANNUITY™ MAY BE RIGHT FOR YOUR RETIREMENT PORTFOLIO IF ANY OF THE FOLLOWING ARE TRUE:**

- » You are concerned about the potential of increasing interest rates, and you desire the flexibility to accumulate more interest if rates go up.
- » The interest rate for money you have in a bank savings account, CD, or other account does not compare favorably to the interest rate potential RateWise Annuity offers. Savings vehicles like these potentially have inferior credited interest rates when compared to RateWise Annuity.
- » You would like to accumulate more interest within a tax-deferred vehicle rather than paying taxes on the interest in the same year in which it is credited. Annuities offer the added benefit of tax deferral and a triple compounding effect of a fixed annuity (interest on principal, interest on interest, and interest on the money that would have been used to pay taxes).
- » You have money to fund an account for a committed amount of time, and could benefit from the option to purchase a rider allowing for withdrawals each year free of surrender charges.
- » You want peace of mind knowing you can access your money free of surrender charges due to confinement in a nursing home or if you become terminally ill. (Note: This benefit may not be available in all states.)



## BENEFIT #1

### Receive a Higher Rate As Rates Rise

Over the past few years, you may have placed your money in a fixed annuity, or other fixed savings instruments. Most fixed savings instruments provide a set rate without the ability to increase over time. If interest rates drop, you were protected from that drop; however, you did not have the potential to receive any increases if interest rates went up. Are you well positioned to take advantage of these interest rate increases?

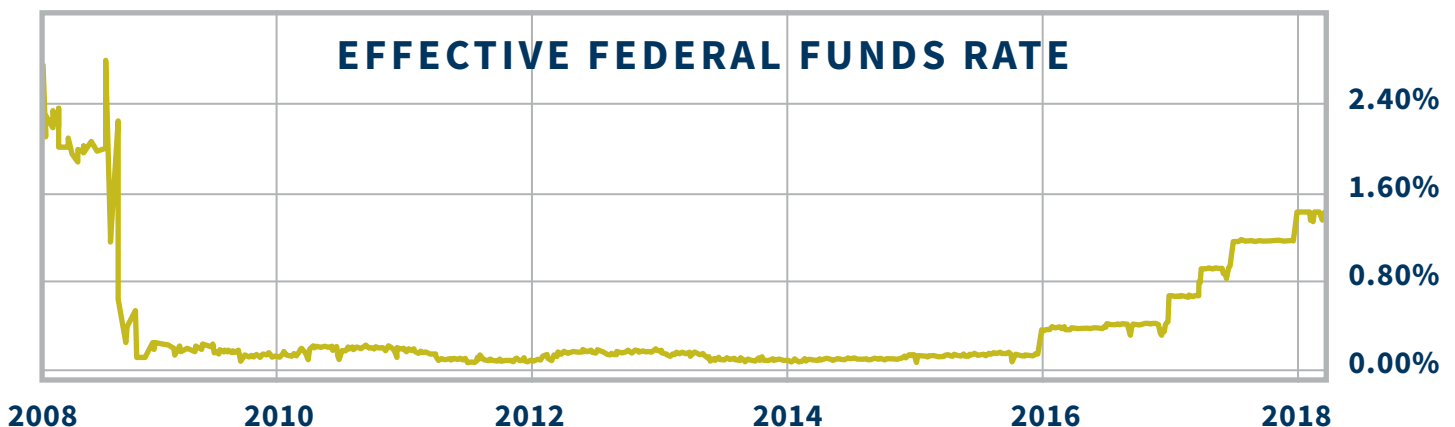
### WHAT CAN YOU DO IF RATES INCREASE OVER THE NEXT FEW YEARS?

When interest rates dropped to historic lows after the financial crisis of 2008, many consumers saw their savings decline. After 2008, interest rates remained at historically low levels for several years until the Federal Reserve raised the Effective Federal Funds Rate in December 2015. Since then, the Federal Reserve has increased rates to over 1.5% and has signaled it will raise rates several times to 3% by 2020.<sup>1</sup> In addition to the safety of a fixed guaranteed rate, RateWise Annuity offers a floating rate interest account, which pays a guaranteed interest rate plus additional credited interest based on the Effective Federal Funds Rate.

### WHAT IS THE EFFECTIVE FEDERAL FUNDS RATE?

The Effective Federal Funds Rate is the interest rate at which a depository institution lends funds maintained at the Federal Reserve overnight to another depository institution. The Effective Federal Funds Rate is one of the most influential interest rates in the U.S. economy. The Federal Open Market Committee (FOMC), which is the Federal Reserve's primary monetary policymaking body, telegraphs its desired target for the Effective Federal Funds Rate through open market operations.

Since it is only applicable to very creditworthy institutions for extremely short-term (overnight) loans, the Effective Federal Funds Rate can be viewed as the base rate that determines the level of all other interest rates in the U.S. economy. The target for the Effective Federal Funds Rate has varied widely over the years in response to prevailing economic conditions.<sup>2</sup>



<sup>1</sup> Sources: The Wall Street Journal and Bloomberg, 2017

<sup>2</sup> [https://www.federalreserve.gov/aboutthefed/files/pf\\_3.pdf](https://www.federalreserve.gov/aboutthefed/files/pf_3.pdf)

**FIXED ACCOUNT**

Premiums allocated to the Fixed Account earn daily credited interest. The Fixed Rate is declared at the beginning of each Guarantee Period and stays constant for the duration of the term (3, 5, or 7 years, if available). The Fixed Rate will never be less than the Minimum Guaranteed Fixed Rate listed in your contract.

**FLOATING RATE**

The Floating Rate is equal to the Floating Base Rate plus the prevailing Effective Federal Funds Rate in effect at the time of issue/renewal. The Floating Base Rate is guaranteed for the duration chosen (3, 5 or 7 years, as available) and is subject to a 1% minimum guaranteed interest rate.

The Effective Federal Funds Rate is guaranteed for one year and will reset on each policy anniversary according to the prevailing Effective Federal Funds Rate on the anniversary date, subject to the Cap Rate, and a floor of zero.

The following chart explores these two options in more depth, illustrating how a Fixed Rate works and how a Floating Rate works. This example is for a \$100,000 initial deposit and a Cap Rate of 3%.

**EXAMPLE**

**Guarantee Period Base Rate**  
set at the beginning of each  
Guarantee Period

**+**

**Floating Rate**  
based on the EFFR USD  
(resets each policy anniversary)

**=**

**Total Credited  
Interest Rate**

Date	Guarantee Period Base Rate	Effective Federal Funds Rate	Total Credit Interest Rate	EOY Account Value
Year 1	1.50%	1.50%	3.00%	\$103,000.00
Year 2	1.50%	2.50%	4.00%	\$107,120.00
Year 3	1.50%	3.00%	4.50%	\$111,940.40
Year 4	1.50%	3.00%	4.50%	\$116,977.72
Year 5	1.50%	3.00%	4.50%	\$122,241.72

### Grow Money Tax-Deferred

Your retirement savings portfolio probably includes options chosen for safety and guaranteed growth, such as a certificate of deposit (CD) or a money market account. However, even if you aren't withdrawing the interest, you still pay taxes annually on the interest.

With a tax-deferred product like RateWise Annuity, any interest generated over the lifetime of the annuity grows tax-deferred,<sup>1</sup> so you don't pay taxes until you withdraw<sup>2</sup> or surrender the policy. Your full credited interest compounds over time to generate more interest and more retirement income.<sup>3</sup>

*<sup>1</sup>If you are purchasing an annuity to fund a retirement plan, such as an IRA that receives preferential tax treatment under the Internal Revenue Code, you should consider that an annuity does not provide any additional tax advantages to those already available from a retirement plan. However, an annuity does offer other features and benefits in addition to tax deferral that other funding vehicles may not offer, including death benefit protection for your beneficiaries and annuity options that guarantee income for life.*

*<sup>2</sup>Withdrawals are subject to ordinary income tax and, if made before age 59½, may be subject to a 10% penalty tax.*

*<sup>3</sup>Note that, unlike CDs, annuities generally impose surrender charges, and annuities are not insured by the FDIC or NCUA/NCUSIF, as are most CDs.*





### Easy Access and Flexibility

Suppose you want the flexibility to access a portion of your funds. For example, you might want to help with your grandchild's college expenses, or you may need to make an emergency home repair. Whatever the reason, the RateWise Annuity offers easy access to your funds and the flexibility to withdraw early.

This is done through the purchase of a Liquidity Rider. This rider provides you with liquidity if you desire to make withdrawals during the course of the contract. The cost of the rider is born by a modest reduction in credited interest. In exchange for that cost, you may withdraw any amount of interest accrued in the first contract year and up to 10% of the Accumulation Value each subsequent year, free of surrender charges and Market Value Adjustments (MVAs). You can receive penalty-free withdrawals as systematic payments or as a lump sum.

Should you require nursing home care or be diagnosed with a terminal illness, you can access any amount of your Accumulation Value without paying surrender charges and MVAs. (Note: These waivers may not be available in all states.)

- » Through the **Terminal Illness Waiver**, surrender charges and MVAs are waived if you request a withdrawal after you are diagnosed with a terminal illness that is expected to result in death within one year of the date of the physician's statement.
- » Through a **Nursing Home Waiver**, surrender charges and MVAs are waived if you request a withdrawal after you become confined to a nursing home or hospital for longer than 30 days.



## OPTIONS FOR TOMORROW

During the 30-day Window Period, after the end of each Guarantee Period of your contract, you can:

- » Continue the Contract for a subsequent Guarantee Period of any duration then offered by GILICO at the applicable rates then in effect.
- » Apply the Accumulation Value to an Annuity Payout Option.
- » Surrender a portion of or the entire Contract for the Accumulation Value, without a surrender charge and MVA.
- » Take no action, and the Contract will continue automatically for a subsequent Guarantee Period of the same duration as the preceding Guarantee Period, at the interest rates then in effect with no change to the allocation of the Accumulation Value.
- » Reallocate among your accounts.

*Note: These options may vary by state.*



# UNDERSTANDING THE SURRENDER CHARGE

As with other guaranteed savings products, early withdrawals may be subject to a surrender charge. The amount of the surrender charge is a percentage of the Accumulation Value withdrawn, and that percentage generally decreases over time.

RateWise Annuity offers flexibility to avoid some or all surrender charges, depending upon circumstances, through the purchase of a Liquidity Rider, the Terminal Illness waiver, the Nursing Home waiver and the death benefit.\*

The applicable surrender charge rate is determined based on the amount of time that has elapsed since the beginning of the then current Guarantee Period according to the following schedule. Surrender charge schedule may vary by State.

Years Since Beginning of Each Guarantee Period	1	2	3	4	5	6	7
Guarantee Period 3 year	9%	8%	7%				
Guarantee Period 5 year	9%	8%	7%	6%	5%		
Guarantee Period 7 year	9%	8%	7%	6%	5%	4%	3%

*\*Terminal Illness and Nursing Home waivers may not be available in all states.*

# UNDERSTANDING THE MARKET VALUE ADJUSTMENT

Early withdrawals may also be subject to a MVA. The amount of the MVA depends on how market interest rates have changed and the time remaining in your Guarantee Period. Generally speaking, if market interest rates have gone up since the beginning of your Guarantee Period, then the amount of your withdrawal will be decreased. Conversely, if market interest rates have declined since the beginning of your Guarantee Period, then the amount of your withdrawal will be increased.

The MVA applies whenever surrender charges are assessed.

**RateWise Annuity™**  
A Wise Decision





# BASE PRODUCT FACTS

FEATURE/BENEFIT	DETAILS
QUALIFICATION TYPES	Non-Qualified or Traditional IRA or Roth IRA
ISSUE AGES	
OWNERSHIP OPTIONS	<ul style="list-style-type: none"> <li>» Individual</li> <li>» Trust</li> <li>» Joint Legal Spouses</li> </ul>
PREMIUM TYPE	True Single Premium, no subsequent premiums accepted after issue.
MINIMUM PREMIUM	<b>\$10,000</b> Can be multiple transfers (policy issued after receipt of all premiums).
MAXIMUM PREMIUM	<b>\$1,000,000</b>
MATURITY DATE	The policy anniversary date after attaining age 110.
ACCUMULATION VALUE	The Accumulation Value is the sum of the Fixed Account and the Floating Rate Account Values.
TERMINAL ILLNESS & NURSING HOME CONFINEMENT	<p>Surrender charges and MVAs will be waived for a Full Surrender or Partial Surrender if the Owner has a Terminal Illness or is confined to a Hospital or Long-Term Care Facility.</p> <p>This benefit is offered up to issue age 75 (may not be available in all states).</p>
RATE LOCK	45-day rate lock for the following: the fixed account rate, the floating account base rate, and the floating account rate cap. The EFFR will be the prevailing rate on the contract issue date.

# BASE PRODUCT FACTS

## FEATURE/BENEFIT

## DETAILS

### SURRENDER CHARGE PERIOD

The following percentages will be assessed on any withdrawals in excess of any remaining free withdrawal amount. The percentage is based on the years since the beginning of the guarantee period. (May vary by state.)

#### Years Since Beginning of Each Guarantee Period

	1	2	3	4	5	6	7
Guarantee Period 3 year	9%	8%	7%				
Guarantee Period 5 year	9%	8%	7%	6%	5%		
Guarantee Period 7 year	9%	8%	7%	6%	5%	4%	3%

### OPTIONS AT END OF GUARANTEE PERIOD

During the 30 days following the end of any Guarantee Period, the policyowner has these options:

1. Continue the Contract for a subsequent Guarantee Period of any duration then offered by the Company and at the applicable rates then in effect.
2. Apply the Accumulation Value to an Annuity Payout Option.
3. Surrender a portion of or the entire Contract for the Accumulation Value, without surrender charges and MVA.
4. Reallocate among your accounts.

If no option is selected, the Contract will enter a new Guarantee Period of the same duration as the preceding Guarantee Period, at the interest rates then in effect with no change to the allocation of the Accumulation Value.

### ACCOUNT OPTIONS & GUARANTEED MINIMUM RATES

See [my.gilico.com](http://my.gilico.com) for current credited rates.

The **Fixed Rate** is a guaranteed interest rate for the duration chosen (3, 5 or 7 years, as available). It is declared at the time of issue/renewal and is subject to a minimum guaranteed rate defined in your contract.

Fixed Rate = current interest rate declared at time of issue/renewal for chosen duration

The **Floating Rate** is equal to the Floating Base Rate plus the prevailing Effective Federal Funds Rate in effect at the time of issue/renewal. The Floating Base Rate and Floating Account Rate Cap are guaranteed for the duration chosen (3, 5 or 7 years, as available). The Floating Base Rate is subject to a minimum guaranteed interest rate. The Effective Federal Funds Rate is guaranteed for one year and will reset on each policy anniversary according to the prevailing Effective Federal Funds Rate on the anniversary date, subject to the Cap Rate, and a floor of zero.

Floating Rate = Floating Base Rate declared at time of issue/renewal + Effective Federal Funds Rate on the Issue/Anniversary Date



# BASE PRODUCT FACTS

FEATURE/BENEFIT	DETAILS
INITIAL ALLOCATION	There is no minimum or maximum allocation to any account, as long as the percentages equal 100%.
REALLOCATIONS	Reallocations can be made during the 30-day Window Period, after the end of a Guarantee Period.
MARKET VALUE ADJUSTMENT	An MVA is an adjustment based on the Constant Maturity Treasury (CMT), which either increases or decreases the cash surrender value during the Surrender Charge Period. If the CMT increases, the cash value will decrease. If the CMT decreases, the cash value will increase. The CMT maturity used will depend on the Guarantee Period then applicable.
CASH VALUE	<p>The contract can be fully surrendered for cash value at any time. The amount payable upon surrender is the greater of the base Cash Surrender Value or the Minimum Guaranteed Cash Value.</p> <p>If the contract is within the surrender charge period, the base Cash Surrender Value is equal to the following:</p> <p><b>Accumulation Value - Surrender Charge +/- Market Value Adjustment</b></p>
DEATH BENEFIT	<p>The Death Benefit is payable in a lump sum upon the death of an owner, or the annuitant (if the owner is a non-natural person), before the Maturity Date and is equal to the greater of the Accumulation Value or the Cash Value.</p> <p>If the sole beneficiary is the Legal Spouse, he/she has the option to continue the contract and will become the owner/annuitant.</p>
MINIMUM GUARANTEED CASH VALUE	87.5% of Premium, less withdrawals or applicable premium taxes, accumulated at a standard non-forfeiture rate defined in your contract.

# LIQUIDITY RIDER FACTS

FEATURE/BENEFIT	DETAILS
<b>LIQUIDITY OVERVIEW</b>	<p>The Policyholder can elect to purchase a Liquidity Rider, which provides for penalty-free withdrawals. The rider cost is a reduction in credited interest and allows for partial surrenders or withdrawals free of surrender charges and Market Value Adjustments:</p> <ul style="list-style-type: none"> <li>» For interest credited in the first Contract Year.</li> <li>» For up to 10% of the prior contract anniversary Accumulation Value beyond the first Contract Year.</li> <li>» For the Required Minimum Distributions at any amount beyond the first Contract Year, for Tax Qualified contracts.</li> </ul>
<b>TERMINATION</b>	The Rider will terminate when the client terminates the Base Contract.

## Disclaimers:

*Not FDIC/NCUA insured • Withdrawal charges may apply • Not bank/CU guaranteed • Not a deposit • Not insured by any federal agency • For Producer use only • Not to be used for Consumer solicitation purposes*

*Fixed annuities are not stock market investments and do not directly participate in any stock or equity investments. GILICO makes no warranty, express or implied, as to the results to be obtained from the use of the Effective Federal Funds Rate.*





# GUARANTY

INCOME LIFE INSURANCE COMPANY

## Administrative Office

5801 SW 6th Ave.  
PO Box 758583  
Topeka, KS 66675-8583

833.444.5426 **TOLL FREE**  
785.228.4505 **FAX**

[www.gilico.com](http://www.gilico.com)

RWA-CB (05.2018)

## Home Office

929 Government St.  
Baton Rouge, LA 70802

800.535.8110 **TOLL FREE**