



THE SAVINGS JAR

HOW INDEXED ANNUITIES WORK

Indexed annuities can seem confusing and with many options in the marketplace it's easy to become overwhelmed by interest crediting methods, caps, crediting ratios and much more!

Consider using a candy jar to demonstrate how annual point-to-point interest crediting methodology works.



How it works:

First, take the lid off the candy jar and have your client put in some candy. This represents the premium (or purchase payment) clients may put into an indexed annuity.

The candy jar works like this: Each contract year that the index increases, the issuing insurance company puts more candy in the candy jar. This is because the interest crediting for indexed annuities is linked to the performance of an index during the contract year. The addition of more candy is the interest, if any, that is credited to the annuity. Keep in mind, the index can go up or down during any given period of time; and past performance does not guarantee future results.

Since interest is credited in accordance with the performance of the index, what do you think the index will do in the first year – will it go up or down? When it goes up, put more candy in the jar and replace the top – the interest is credited to your annuity.

Each year credited interest will be limited to the current interest rate cap. If the performance of the index is equal to or higher than the current interest rate cap, you will receive the cap. For example, if the cap is 10 pieces of candy and the index performs at 12 pieces of candy, the client will only be credited 10 pieces of candy.

When the index goes down, lift the candy jar and flip it upside down. All of the candy that is in the jar stays in the jar. All of the premium your client invested and the interest that has been credited previously stays in the jar – your client won't lose any of it. The issuing company won't add any more candy, but your client doesn't have to worry about losing any candy either. This is an example of an annual, point-to-point interest crediting method.

Indexed annuities have other features and benefits, including the ability to take withdrawals from the annuity. This example assumes no withdrawals or surrenders were made and surrender charges may apply.



Interest Crediting with SecureLivingSM Classic

Classic offers clients a secure way to save for retirement with the potential for earning higher rates than other fixed interest rate alternatives. Classic features indexed interest with annual reset and no averaging. Classic guarantees a minimum interest rate over the life of the contract.

Classic is available for clients up to age 85 (age last birthday for Owner and Annuitant) and can be purchased with premium of \$5,000 (non-qualified) or \$2,000 (qualified). Premium amounts over \$500,000 require home office approval.

Classic interest is credited at the end of the contract year, and is based on the S&P 500[®] Index.* The indexed interest rate will be equal to the gain, if any, in the S&P 500 Index during the contract year, up to a maximum (called the indexed interest rate cap).

* The S&P 500[®] Index is a price index and does not reflect dividends paid on the underlying stocks. "S&P 500[®]" is a trademark of The McGraw-Hill Companies, Inc. and has been licensed for use by Genworth Life. The Classic Indexed Annuity is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding advisability of purchasing the product.

The indexed interest rate cap is set by Genworth Life and is guaranteed for a term declared by Genworth Life. Renewal indexed interest rate caps will never be less than the minimum indexed interest rate cap guaranteed by Genworth Life as specified in the contract.

Although indexed interest is based on an equity index, the annuity is not a registered security or stock market investment. Premium payments are not directly invested in or allocated to the S&P 500 Index or to any other stock or equity investment.

Contact your company representative to request more tools and strategies from the Genworth Financial companies to help create a Plan for Living for your clients!

SecureLivingSM Classic:

Single premium indexed deferred annuity Issued by Genworth Life Insurance Company, Lynchburg, VA.

SecureLiving Classic Indexed Annuity is Genworth Life Insurance Company's single premium indexed deferred annuity (modified single premium indexed deferred annuity in Florida), policy form series GEC6011 9/05 et al. and GNW6022 2/06 et al., Product ID: SP1. Not available in all states or markets. Features and benefits may vary by state. Ask your representative for details.

All guarantees are based on the claims paying ability of Genworth Life.

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