



Fidelity &
Guaranty Life®



FG Life-Choice®

Fixed Indexed Universal Life Insurance
Consumer Brochure

*In this document are important points to think about before you buy the **FG Life-Choice®** fixed indexed universal life insurance from Fidelity & Guaranty Life Insurance Company. Fidelity & Guaranty Life has prepared this summary to help you understand **FG Life-Choice®**'s many options, advantages, and limitations.*



What is Fixed Indexed Universal Life Insurance (FIUL)?

Fixed indexed universal life insurance is a type of permanent life insurance. What makes it different from other traditional products is the way the interest earnings on the account value can be determined. With an FIUL product, you can direct the account value into either a fixed account, an indexed account, or a combination of the two. In the fixed account, the account value will receive a fixed rate of interest declared annually and guaranteed for one year periods by the insurance company. In the indexed account, the rate of interest depends in part, on the performance of the S&P 500® Index, subject to a maximum cap.

The attractive feature of the indexed account is the potential to earn higher rates of return based in part on the index's performance while being guaranteed that the interest credited will not be less than 0.25%.

This product does not participate in any stock, bond, or equity investments.

Outstanding Features include:



Tax Benefits

Tax advantages including income tax free insurance benefits, tax deferred growth of account values, and the possible tax advantaged access to account values.



Upside Potential

The ability to earn interest based in part on the performance of the S&P 500® Index, subject to a cap, without any downside risk due to market decline.



Flexible Death Benefits

Fidelity & Guaranty Life may credit a 0.25% persistency bonus beginning in the 11th policy year to the fixed and indexed account value.



Liquidity

Access to surrender value through withdrawals or loans.



Persistency Bonus

Fidelity & Guaranty Life may credit a 0.25% persistency bonus beginning in the 11th policy year to the fixed and indexed account value.



Flexibility

The ability to adjust premiums up or down, subject to limits.



No-Lapse Guarantee

A 15-year guarantee that the life insurance contract will not lapse as long as the required premiums are paid.

How does FG Life-Choice work?

1.

HOW COULD THE VALUE OF MY LIFE INSURANCE GROW? GROWTH POTENTIAL

FG Life-Choice's account value consists of two portions that may be credited with different interest rates:

- The basic account value accumulates with premiums paid up to the amount of the annual target premium.
- The excess account value accumulates with the portion of the total premium payments in a policy year that is greater than the annual target premium.

A Choice of Interest Crediting Options

The account value can be allocated between a fixed account, indexed interest accounts, or a combination of these accounts.

- One is a fixed interest account where Fidelity & Guaranty Life declares and guarantees for one year period a rate of interest that the account value earns. The declared rate of interest is fixed for a year.
- The other accounts are indexed interest accounts. The account value earns interest based in part on the performance of the S&P 500® index, subject to a cap and/or participation rate. The cap rate is set in advance of each segment's buy date and may change as each segment renews. The minimum cap guaranteed by policy varies as follows: 1.5% when the 140% participation rate is selected, 2% when the 100% participation rate is selected, or 1% when the Monthly Point-to-Point option is selected.

Account allocations between the interest crediting accounts may be changed once every year on the account value segment anniversary, subject to at least 30 days prior notice.

Account Allocation Dates

When allocating account value into the indexed interest accounts, it's important to understand how these accounts are managed. Fidelity & Guaranty Life places money into the indexed interest account up to twelve times per year on the 15th of every month (or the first business day thereafter).

Charges & Costs

A 7.5% premium expense charge will be deducted from premiums paid up to the annual target premium. A 5% premium expense charge will be deducted from premiums paid in excess of the annual target premium. Each month, the company will deduct the cost of insurance charge, any rider charges applicable and a \$10 expense charge from the account value.

Monthly deductions will be deducted against the basic account value starting with the most recent segments. If the basic account value is insufficient to cover the monthly deduction, the excess account value will be used to cover cost of insurance deductions starting with the most recent segments.

How interest crediting works

When premium is received before the monthly account allocation date, it is held in a short-term interest earning account and earns a declared interest rate daily, until the next monthly account allocation date.

The fixed interest account is credited with interest daily at the then current declared interest rate.

The indexed interest account credit is based in part upon a formula linked to changes in the S&P 500® and is subject to a cap and/or participation rate.

Annual Point-to-Point

The index change is determined by subtracting the prior year's index value from the current year's index value then dividing by the prior year's index value, then multiplying by the participation rate (either 100% or 140%), limited to the declared cap. The indexed interest credited will not be less than 0.25%.

Annual Point-to-Point, with Higher Guarantee

The index change is determined by subtracting the prior year's index value from the current year's index value then dividing by the prior year's index value, then multiplying by the participation rate (100%), limited to the declared cap. The indexed interest credited will not be less than 3.00%. The cap for this option will be lower than the cap for the annual point-to-point crediting option with the 0.25% guarantee. Consult your agent for details.

Monthly Point-to-Point

The index change is determined by dividing the current month's index price by the prior month's index price, then subtracting 1. A cap is applied to each positive monthly change; negative monthly changes are not limited and those 12 monthly index changes are totaled at the end of the segment anniversary to determine interest credited. The interest credited will never be less than 0.25%.

The resulting indexed interest credit is multiplied by account value at the segment anniversary and the percentage allocated to each applicable indexed interest account. The index interest credit will not be credited to any portion of the account value that is deducted to pay cost of insurance charges or have been withdrawn or used as collateral under a fixed loan structure.

Persistency Bonus

Beginning in the 11th policy year of coverage, Fidelity & Guaranty Life may credit an additional 0.25% persistency bonus interest rate to the fixed and indexed account value, if the then declared credited rate exceeds the guaranteed minimum interest rate.

2.

WHAT HAPPENS IF I DIE?

DEATH BENEFITS

Permanent life insurance policies, have two basic features:

- The death benefit
- The account value of the policy

How the two features interact with one another is important to understanding the type of insurance death benefit option you choose:

Option A — Death Benefit

With this type of death benefit, your death benefit is the greater of the face amount and the minimum death benefit required by law.

Option B — Death Benefit

With this type of death benefit, your total death benefit is the greater of the face amount plus the account value in the policy and the minimum death benefit required by law.

You have the option to change death benefit options on the policy anniversary.

Flexible Death Benefit

FG Life-Choice is issued with a minimum face amount of \$150,000 for issue ages 0-45, \$100,000 for issue ages 46-75. As long as you meet underwriting criteria you can adjust the face amount upward or downward. Decreases can be made once each year in \$5,000 increments while increases can also be made once each year in increments of \$25,000. An increase can be made after the first policy year and a decrease after the third policy year. The face amount may not be reduced below the minimum face amount at issue (as stated above).

No Lapse Guarantee¹

Your policy will remain in effect for 15 years if the premiums you pay are never less than the minimum no-lapse premium amount. You may be foregoing the advantage of building up account value by paying only the minimum no-lapse premium.

3.

HOW CAN I ACCESS MY MONEY?

LIQUIDITY

Full Surrender

Should you choose to surrender your life insurance policy, the surrender value is available to you. This is your total account value less any surrender charges thereon and/or outstanding loans.

Surrender Charges

Surrender charges begin at issue and decline to zero over the first 15 years of the policy. Should coverage be increased, a new 15 year surrender charge period will be applied to account values associated with the increase in face amount.

Surrender Charge Waiver

No surrender charge applies to premiums added to your account value in excess of the annual target premium in any policy year.

Partial Withdrawals¹

As long as the policy's surrender value is positive, withdrawals may be made from the policy after the first policy year. Withdrawals will reduce the face amount by an equivalent amount. There is a \$25 charge for each withdrawal and surrender charges may be incurred. Consult your tax advisor before making a withdrawal as it may be taxable.

¹ May increase the likelihood that your surrender value will be insufficient to cover the monthly mortality costs and expense charges unless additional premium is paid. If additional premium is not paid, your policy may terminate. Please consult your agent for details.

LOAN OPTIONS

A highly important and very valuable feature of your life insurance policy is the ability to take loans against the surrender value. With **FG Life-Choice**, loans are available after the first policy year, and there is no limit to the number of loans that can be taken, provided that there is uncollateralized surrender value in the policy.

FG Life-Choice offers two types of loans: Fixed and Variable. The difference between the two relates to the rate of interest charged and how the account value that is collateralized to cover the loan continues to earn interest. As always, you should select the loan that best suits your needs.

Fixed Loan Option¹

Account Value in excess of premiums paid will be available for a preferred loan. For loans made in policy years 2 - 10, loans will be charged the declared annual interest rate plus 2%. The account value that is used as collateral to cover the loan is moved into a fixed interest account where it will be credited with a rate equal to the declared annual interest rate.

In policy years 11 and beyond, the interest charged on the preferred loan is equal to the declared annual interest rate. The account value that is collateralized to cover the loan will be credited with a rate equal to the declared annual interest rate.

Variable Loan Option²

FG Life-Choice stands out from many traditional indexed universal life products in that it offers a variable loan option. With a variable loan, the rate charged on the loan is based on the Moody's Corporate Bond Yield Average Index.

Like the fixed loan, variable loans may be made after the first policy year. Unlike the fixed loan, with the variable loan the account value that is used as collateral for the loan may continue to earn interest and/or index credits in the same proportion as the unloaned portion of your total account value. As a result, you may continue to earn interest and/or index interest credits up to the cap for that index crediting period. This design gives you the ability to leverage the policy values through loans. For instance, you might borrow at a 5.5% rate of interest, but the cash value used as collateral for the loan may earn 10%. In this scenario, you have a 4.5% gain. On the other hand, there is the possibility that you can borrow at 5.5% and earn 0% if the index doesn't perform well that year. In that scenario, the loan design costs a full 5.5%. Variable loans are a higher risk option that may have either a positive or negative outcome relative to a fixed loan.

¹ May increase the likelihood that your surrender value will be insufficient to cover the monthly mortality costs and expense charges unless additional premium is paid. If additional premium is not paid, your policy may terminate. Please consult your agent for details.

² Subject to state availability. Certain restrictions may apply.

Annual Statements

Each year, you will receive a report summarizing your **FG Life-Choice** activity. The report will show the following: the account value; the amount of any premiums paid; monthly deductions; expense charges; interest credited; partial surrenders and any charge thereon; unpaid loans and loan interest; paid loans and loan interest; the surrender value; the death benefit option; the face amount; and the current death benefit.

4.

WHAT OPTIONAL BENEFITS ARE AVAILABLE?

 **OPTIONAL BENEFITS AND RIDERS¹****Accelerated Benefit for Terminal Illness**

If a physician diagnoses you with a terminal illness that results in a life expectancy of less than 24 months, this rider can accelerate of up to 100% of the policy's death benefit, not to exceed \$1,000,000. As the amount paid will be prior to the death of the insured, it will be less than the amount accelerated. This rider is subject to underwriting requirements and may be included in your policy which could help with unexpected medical costs not covered by traditional medical coverage. Your policy death benefit would be reduced by the full amount accelerated. You should seek advice from a tax professional before exercising this rider.

 **Accelerated Benefit for Critical Illness²**

This rider can accelerate of up to 100% of the policy's death benefit, not to exceed \$1,000,000, in the event you suffer a Covered Critical Illness as defined in the rider including heart attack, stroke, some cancers, end-stage renal failure, ALS, arterial aneurysms, central nervous system tumors, major burns, major organ transplants, or paralysis. The covered illness must first occur on or after the effective date of the rider. This rider is subject to underwriting requirements and may be included in your policy which could help you in a variety of ways as you focus on your treatment. As the amount paid will be prior to the death of the insured, it will be less than the amount accelerated. The amount paid will be based on your age and severity of the illness - the policy death benefit will be reduced by the full amount accelerated. You should seek advice from a tax professional before exercising this rider.

 **Waiver of Monthly Deduction Rider**

This valuable feature keeps your policy in force by waiving the monthly charges in your life insurance policy should the insured become totally disabled for longer than six months and begins before the policy anniversary on which you attain age 60. This prevents the cancellation of coverage and keeps the surrender value from being depleted.

 **Accidental Death Benefit Rider**

This rider increases the death benefit in the event of certain accident-related deaths as long as it is prior to the policy anniversary on which you attain age 70 and the request is made within 120 days from the date of the accident. The total amount of coverage may not exceed the lesser of the policy face amount or \$250,000.

¹ Optional benefit riders may not be available in all states. Some riders have additional charges. Additional restrictions and limitations apply; see policy for complete details. Should you elect the Critical Illness Benefit or Terminal Illness Benefit an administration fee of up to \$500 may apply in some states. Consult your tax advisor before exercising benefits. The Overloan Protection rider has an administrative fee of up to 5% of the account value at the time the rider is exercised.

² The following triggers are not applicable in CA: ALS, Arterial Aneurysms, Central Nervous System Tumors, Major Burns, Major Organ Transplants, or Paralysis.

In addition to the basic protection provided by **FG Life-Choice**, there are additional benefits that may be added to enhance your life insurance.



Primary Insured Term Life Insurance Rider

This rider is designed to optimize your death benefit at a minimum cost. This rider is available for newly issued contracts with base policy amounts of \$150,000 and higher.

The term life insurance is available up to nine times the face amount on the base policy and is available only on the primary insured. The minimum face amount that can be chosen is \$150,000. There are no unit expense charges; however, cost of insurance charges apply and may be different from the base policy. Surrender charges do not apply to the term life insurance coverage.



Spouse Term Life Insurance Rider

This rider is available for newly issued contracts with base policy amounts of \$150,000 and higher. This rider provides annual renewable term life insurance for the insured's legal spouse with a death benefit up to age 120. The rider allows for its own beneficiary who may vary from that of the primary insured's base policy beneficiary (if so designated).

The death benefit is available up to the amount of the primary insured's base policy amount. The minimum face amount is \$150,000. There are no unit expense charges; however, cost of insurance charges apply and may be different from the base policy. Surrender charges do not apply to the term life insurance coverage.

The rider is convertible to permanent life insurance while the base policy is still in effect, before the policy anniversary on which the insured is age 65, and within the first five years from the effective date of the insured's coverage or within 31 days after the death of the insured under the contract.



Children's Level Term Insurance Rider

This benefit provides term life insurance for the insured's children until they reach age 25. One monthly premium charge will insure all your children up to a \$25,000 face amount per child.

The rider is convertible to permanent life insurance within 31 days prior to the time the child ceases to be insured under the rider. The amount of insurance for a converted policy may be up to five times the amount of the rider without underwriting.



Ultimate Income Rider

This rider allows you to designate how your death benefit will be paid. Instead of a single lump sum at death, payments can be distributed for years, providing steady income for your beneficiaries.



Over Loan Protection Rider

This rider can prevent your life insurance policy from entering a lapse status as the result of outstanding loans that exceed your surrender value provided the policy has been in effect at least 15 years and you have attained age 75. Certain conditions must be met before the rider can be exercised, and there is a one-time administrative fee when the rider is exercised. This rider may be exercised one time during the lifetime of the life insurance policy.

5. WHAT SHOULD I KNOW ABOUT FIDELITY & GUARANTY LIFE?

Incorporated in 1959, Fidelity & Guaranty Life Insurance Company has a solid commitment to serving the individuals it knows best – middle market consumers seeking the safety, protection, accumulation potential and income features of life insurance and annuity products. Fidelity & Guaranty Life offers its series of focused life insurance and annuity products through its network of independent marketing organizations. Insurance products are offered through Fidelity & Guaranty Life Insurance Company in every state, other than New York, as well as the District of Columbia. In New York, products are offered through a wholly owned subsidiary, Fidelity & Guaranty Life Insurance Company of New York. Each company is solely responsible for its contractual commitments.

Policies issued by Fidelity & Guaranty Life Insurance Company, Des Moines, IA.

Fidelity & Guaranty Life Insurance Company offers a diverse portfolio of term and universal life insurance policies and optional additional features. Before purchasing, consider your financial situation and alternatives available to you. Your Fidelity & Guaranty Life Insurance Company financial professional can help you determine the best alternatives for your goals and needs, or visit us at www.home.fglife.com for more information.

Form Numbers: ICC12-LPI1060(07-12), LPI-1036(07-12), et al.

Optional provisions and riders have limitations, restrictions and additional charges.

Subject to state availability. Certain restrictions may apply.

This document is not a legal contract. For the exact terms and conditions, please refer to the life insurance policy.

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It is important to note that when the declared participation rate is greater than 100% and the index change percentage at the end of the index term period is 0 or negative, no index interest credits will be applied to the account value.

Information provided regarding tax or estate planning should not be considered tax or legal advice. Consult your own tax professional or attorney regarding your unique situation.

Indexed interest rates are subject to a cap and participation. Caps and participation are subject to change at the discretion of Fidelity & Guaranty Life Insurance Company.

Issuance of the life insurance policy depends on answers to health questions in the application.

Surrenders, withdrawals and loans will reduce available death benefit and may be subject to surrender charges. Surrenders and withdrawals beyond basis may be taxable income and subject to penalties if taken prior to age 59½. Excessive and unpaid loans will reduce policy values and may cause the policy to lapse. In order to receive favorable tax treatments on distributions made during the lifetime of the insured (including loans) a life insurance policy must satisfy a 7-pay premium limitation during the first seven policy years. A new 7 year limitation will be imposed after certain policy changes. Failure to satisfy this limitation would cause your policy to be considered a Modified Endowment Contract (MEC).

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