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# Security Benefit Secure Income Annuity

## Base Product



live

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# Welcome!

## Security Benefit Secure Income Annuity

Most of us look forward to retirement. We want to know that when we retire, especially in the volatile economic environment we've been through in the last few years, that we will have enough retirement income. Many of us are asking good questions about our finances and we're hoping for even better answers:

- › Will I have enough money to retire?
- › How much money can I live on?
- › How safe are my retirement assets?
- › What happens if I become ill? Will I be a financial burden to my family?
- › When I die, will I have something to leave my family?

You've worked hard building a foundation for retirement. The Security Benefit Secure Income Annuity, a fixed index annuity issued by Security Benefit Life Insurance Company, can be a sensible part of your income plan for retirement. This brochure highlights the features and guarantees of the Security Benefit Secure Income Annuity. It should be read with the Secure Income Annuity Statement of Understanding (SOU), which includes an explanation of the annuity. For more specific information, see your annuity contract.

Highlighted on the following pages are some of the features and guarantees that the Security Benefit Secure Income Annuity offers.



### Optional guaranteed lifetime income

With your annuity you can purchase an optional Guaranteed Lifetime Withdrawal Benefit (GLWB) Rider that guarantees you income for your lifetime and allows you to know the guaranteed minimum income you will have available under the Rider. It's important to know that taking out excess withdrawals in any given year will reduce the guaranteed income you may withdraw from your annuity.

### Flexible interest options

Your annuity earns interest that can either be at a fixed interest rate or a rate that is linked to the S&P 500® Index without dividends. Your crediting rate will never be less than zero even if the S&P 500® Index has negative returns.

### Safety of premium

Not only does your annuity provide the opportunity to choose a fixed interest rate on your purchase payments but should you choose either of the indexed interest options, there is no risk of your annuity value declining if the S&P 500® Index goes down.<sup>1</sup>

### Tax-deferred growth

In an annuity, your purchase payments earn interest on a tax-deferred basis, which means you're not paying taxes on your earnings until you take withdrawals.<sup>2</sup>

### Home Healthcare Doubler

When you select the optional Guaranteed Lifetime Withdrawal Benefit Rider, if you become unable to perform at least two of the six basic activities

of daily living two years after you purchase your annuity, you can double the income you receive under the Rider for up to five years.<sup>3</sup> This can help ease some of the concerns related to significant health issues as you age. (Not available in all states. Please refer to the SOU for a list of states in which the Doubler is not available.)

### Death benefit

For the Secure Income Annuity contract, should the annuitant die before receiving annuity payments (annuitization), the beneficiaries will receive 100% of the account value, less any applicable premium tax.<sup>4</sup>

If the sole designated beneficiary is the spouse of the deceased owner or joint owner or, if the owner is a non-natural person, the spouse of the deceased annuitant, as applies, the spouse shall become the sole owner of this contract. He or she may elect to: keep this contract in force until the earlier of his or her death, or the annuity start date; or elect to receive the amount payable upon death as described above.

If the deceased owner is the spouse of the annuitant, they will receive the account value. If the deceased owner is not the spouse of the annuitant, they will receive the cash surrender value.

Refer to the Statement of Understanding (SOU) or talk with your agent or financial advisor for more information about your death benefit.

1. The cash surrender value could be less than the purchase payments if you withdraw more than the free withdrawal amount during the surrender charge period.
2. Withdrawals are subject to ordinary income tax and, if made before age 59½, may incur a 10% IRS penalty tax. Since IRAs already provide tax deferral, there is no additional tax-deferral benefit for IRAs funded by annuities.
3. You must submit a request and proof that at least two of the basic activities cannot be performed as explained in the SOU.
4. Annuitization should not be confused with taking income under the GLWB Rider. If you have started taking income under the GLWB Rider rather than taking annuity payments, the death benefit upon the death of the annuitant is the account value less any applicable premium tax.

## Guaranteed Lifetime Income options

Your Security Benefit Secure Income Annuity can be purchased with an optional lifetime income rider called the Guaranteed Lifetime Withdrawal Benefit (GLWB) Rider to guarantee you have income for your lifetime. The accompanying Guaranteed Lifetime Withdrawal Benefit Rider brochure highlights its benefits and limitations.

## Up to 8% first-year bonus

Your Security Benefit Secure Income Annuity includes a bonus of up to 8% on all purchase payments made in the first contract year.

Contract example with 8% bonus	
Initial Purchase Payment	\$250,000
8% bonus	\$20,000
Account Value upon issue	\$270,000

*In AK, IN, ME, MN, MO, NH, NJ, NV, OH, OR, PA, SC, TX, UT and WA, the bonus is 5.5%. In CA, the bonus is 7%. In CT and DE the bonus is 2%.*

If you surrender, take partial withdrawals in excess of the free withdrawal amount, or elect to receive annuity payments prior to the end of the surrender charge period, a bonus recapture will apply and take away all or part of the bonus. Bonus annuities may include lower caps or interest rates, longer surrender periods, higher surrender charges or other restrictions that are not included in annuities that don't offer a bonus feature. The bonus recapture provision does not apply in CT or DE.

## Your interest options

The Security Benefit Secure Income Annuity offers three different interest options to which you may allocate your initial purchase payment. These options (shown on the next page) give you the potential to earn either a guaranteed interest rate or an interest rate based in part on the performance of the S&P 500® Index without dividends. You can choose to allocate all your money to one interest crediting option or in any combination among the three.

### Interest option

### How interest is calculated

### Why this option may be attractive

## Fixed Account

Security Benefit sets an interest rate that is guaranteed to be no less than the Guaranteed Minimum Interest Rate (GMIR) for each contract year.

Provides a predictable rate of return.

## Annual Point-to-Point Index Account with cap based on S&P 500® Index

On each annual contract anniversary, the S&P 500® Index value (without dividends) is compared to the Index value on the previous contract anniversary. A positive difference in the Index is credited as interest to your Account Value, up to a set cap. If the annual S&P 500® Index change value is negative, no interest is credited but the value of your annuity does not go down.

You benefit from the growth of the stock market up to your cap, yet without the risk of your annuity losing value if the S&P 500® Index change is negative.

## Monthly Sum Index Account with monthly cap based on S&P 500® Index

On each contract anniversary, interest is calculated based on the sum of the capped monthly changes in the S&P 500® Index value (without dividends) for the previous year. A positive one-month change in the Index, subject to your monthly cap, increases the annual sum. The full, negative one-month change is subtracted from the annual sum. There is no cap on a negative return for that month. The positive sum of the 12 monthly Index returns is credited as interest. If the overall sum of the 12 monthly Index returns is negative, no interest is credited but the value of your annuity does not go down.

With Index amounts being calculated on a monthly basis, you benefit from the positive performance of the stock market up to your monthly cap, yet without the risk of losing account value if the sum of the S&P 500® Index changes is negative. This strategy would typically credit more interest when the S&P 500® Index experiences steady growth, and less interest in up and down markets.

# Understanding your interest options

On the next page are two examples of how your fixed index annuity would work under different market conditions, including in an extreme downturn and in a strong market. The examples show the results over a 10-year period.

These are assumptions and not based on actual or guaranteed caps or interest rates. The examples make hypothetical assumptions and are not a guarantee or indicator of future performance. The values of the S&P 500® Index are actual values for the periods shown. The Secure Income Annuity was not available during the time periods of these examples. The hypothetical interest calculations are based upon assumptions on the caps; alternative caps may produce significantly different results. The hypothetical values assume no withdrawals and no additional purchase payments. The hypothetical values do not include an initial bonus amount for the Annual Point-to-Point and Monthly Sum Index Accounts. All returns are cumulative and not shown on an annualized basis. The following line graphs assume that all of the account is allocated into one interest option. Withdrawals before the end of the surrender period may be subject to surrender charges up to 12%, a Market Value Adjustment (MVA) and a bonus recapture. Withdrawals are subject to ordinary income tax and, if made before age 59½, may incur a 10% IRS penalty tax.



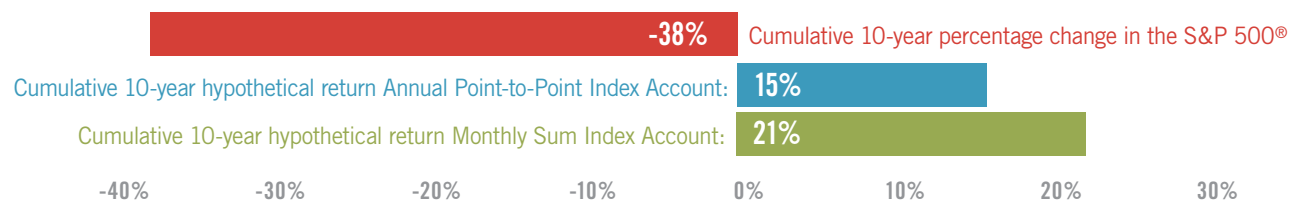
### Hypothetical example of downturn

During periods of extreme volatility or economic downturns, fixed index annuities will shield you from market declines. The graph below shows the value of the S&P 500® Index on March 31, 1999, and on March 31, 2009.<sup>5</sup> The S&P 500® experienced a great deal of volatility during this period of time, and by March 2009 had lost roughly 38% of its value. However, under the various interest options the cumulative interest credited would have been up to 21% over the period.

Although the S&P 500® lost significant value during this period, previously credited interest would not have been lost. For the fixed interest rate option, interest would have been earned at the greater of the declared rate or the guaranteed minimum rate during this period.

**1286:** Value of the S&P 500® Index on March 31, 1999

**798:** Value of the S&P 500® Index on March 31, 2009



Annual Point-to-Point Index Account cap: 2.75% • Monthly Sum Index Account monthly cap: 1.50%

### Hypothetical example of strong market returns environment

During periods with strong market returns, such as August 1990 to August 2000, a fixed index annuity may help you benefit from the growth in the stock market. The graph below shows the S&P 500® on August 31, 1990, and on August 31, 2000.<sup>6</sup>

**323**

Value of the S&P 500® Index on August 31, 1990

**1518:** Value of the S&P 500® Index on August 31, 2000

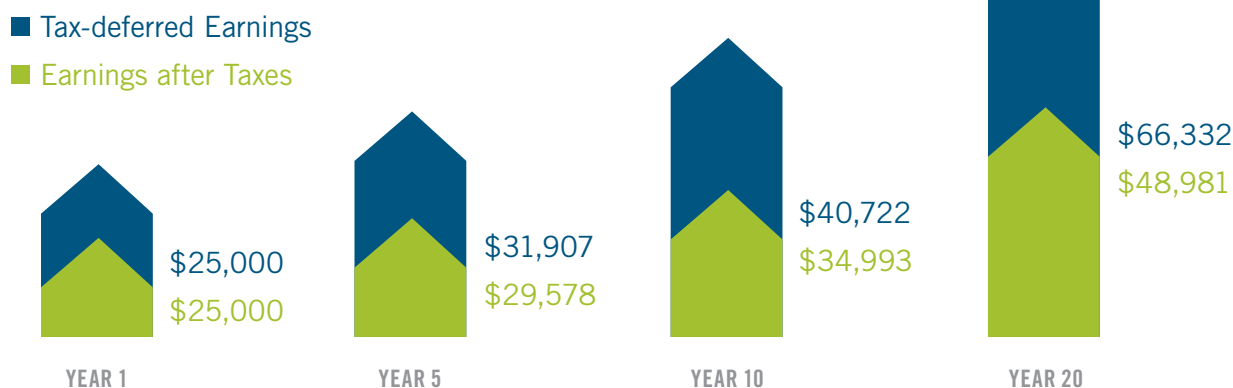


Annual Point-to-Point Index Account cap: 2.75% • Monthly Sum Index Account monthly cap: 1.50%

## Tax-deferred growth

The Security Benefit Secure Income Annuity can help put you on a solid track to saving successfully for retirement on a tax-deferred basis. This means your interest earnings grow faster because taxes on your earnings are deferred until you make withdrawals. Earnings that otherwise might be lost to income taxes remain in your annuity to continue working for you. Since IRAs already provide tax deferral, there is no additional tax-deferral benefit for IRAs funded by annuities.

### Annuity Value



This illustration shows how tax deferral would affect a hypothetical \$25,000 account, before any withdrawals, during a five-, 10- and 20-year “accumulation phase.” This example assumes an earnings rate of 5%, a federal income tax rate of 28% and a state tax rate of 5% (for an effective tax rate of 31.6%).

This return is hypothetical and in no way relates to the actual performance of the annuity. The tax-deferred account is taxable upon withdrawal. For an additional example, assuming a guaranteed return of 1%, the fifth-year value on a tax-deferred account before any withdrawals would be \$26,275, the tenth-year value would be \$27,616, and the twentieth-year value would be \$30,505. Assuming an effective tax rate of 31.6% and a lump-sum withdrawal at the end of five, 10 or 20 years, the value of the tax-deferred account in the chart above would be \$29,724, \$35,754 and \$53,271, respectively.

The growth represented above is relative to the hypothetical account values only; it does not represent the GLWB Benefit Base.





## Just in case – access to your money

### Free withdrawals

Generally, during the surrender charge period, you may withdraw up to 10% of your account value each year, free of surrender charges, Market Value Adjustment (MVA) and bonus recapture. (Free withdrawals are not available during the first Contract Year.) This is your free withdrawal amount. Your withdrawals may be subject to state and federal income taxes as well as an additional 10% penalty from the IRS if the withdrawals are taken prior to age 59½. If you take withdrawals in excess of the 10% free withdrawal during the surrender charge period, your withdrawal will be subject to a surrender charge, an MVA and a bonus recapture.

See the Important Information About Security Benefit Secure Income Annuity section below for more information about the surrender charge, MVA and bonus recapture. The 10% free withdrawal does

not apply if you take a full surrender or if you take a full withdrawal after any free withdrawals are taken in the prior 12 months. A surrender charge, an MVA and a bonus recapture will be applied to any free withdrawals taken in the last 12 months prior to a surrender, as well as to the amount surrendered.

### Terminal Illness and Nursing Home Waiver

Surrender charges, MVA and bonus recapture are waived if you are confined to a nursing home or hospital for longer than 90 days, or if you are diagnosed with a terminal illness. A request to waive these charges must be made after the 3rd Contract Anniversary, must be made on forms provided by Security Benefit and must be accompanied by a physician's statement.<sup>7</sup>

## Important information about Security Benefit Secure Income Annuity

**No risk to your principal** – If the market experiences negative returns, there is no risk of your account value declining.

**Issue ages** – Up to 80

**Minimum initial purchase payment** – \$25,000

**Minimum subsequent purchase payment** – \$1,000

**Charges** – The charge for the optional Guaranteed Lifetime Withdrawal Benefit (GLWB) Rider is 0.95% of the GLWB benefit base and will be deducted annually from the annuity's account value. The charge can go up to a maximum of 1.50% but not until after the tenth contract year. The charge can only go up at the beginning of the 10-year roll-up renewal term. You will be notified of any change in the charge 30 days prior to any increase. On each fifth contract anniversary prior to taking income from the Rider, if the total amount of interest credited to the annuity's account value is less than the cumulative Rider charges during the prior five-year period, the charges will be partially or fully refunded to your account value. Refer to the SOU for more information.

**Guaranteed Minimum Interest Rate (GMIR)** – The fixed account's GMIR is guaranteed for the life of the contract and is set at 1%.

7. Refer to the contract for details on qualifications. Not available in all states.

**Understanding the Surrender Charge** – If you take withdrawals that are greater than the free withdrawal amount during the surrender charge period (generally the first 10 years of the contract), your account value will be subject to a surrender charge. Surrender charges will also apply if you annuitize during the surrender charge period and may apply under certain circumstances involving death and joint ownership. The amount of the surrender charge is equal to the amount withdrawn (less any free withdrawals) after any MVA and bonus recapture is applied multiplied by the applicable surrender charge percentage. For most states, the schedule of charges by contract year is:

Year	1	2	3	4	5	6	7	8	9	10	11+
<b>Surrender charge percentage</b>	12%	11%	10%	9%	8%	7%	6%	5%	4%	2%	0%

The Security Benefit Secure Income Annuity offers flexibility to avoid some or all surrender charges, depending on your circumstances through the free withdrawal option, the Terminal Illness waiver, the Nursing Home waiver, and the death benefit upon the death of the annuitant or joint owner if he or she is the spouse of the annuitant.

The schedule of surrender charges varies by state. Check your Statement of Understanding (SOU) for the schedule of surrender charges that apply in your state.

**Bonus Recapture** – Your Security Benefit Secure Income Annuity credits a bonus on your first-year purchase payments. If you take withdrawals that are greater than the free withdrawal amount during the surrender charge period, all or a portion of your bonus will be subject to a bonus recapture. A bonus recapture will also apply if you annuitize during the surrender charge period and may apply under certain circumstances involving death and joint ownership. For most states, the schedule of bonus recapture rates by contract year is:

Year	1	2	3	4	5	6	7	8	9	10	11+
<b>Bonus recapture percentage</b>	100%	100%	100%	100%	100%	100%	80%	60%	40%	20%	0%

The bonus recapture varies by state. Check your Statement of Understanding (SOU) for your specific state.

The Security Benefit Secure Income Annuity offers flexibility to avoid some or all of the bonus recapture, depending on your circumstances through the free withdrawal option, the Terminal Illness waiver, the Nursing Home waiver, and the death benefit upon the death of the annuitant or joint owner if he or she is the spouse of the annuitant.

**Market Value Adjustment (MVA)** – In order to help us manage changing market conditions and interest rate environments more effectively, Security Benefit applies a Market Value Adjustment (MVA) to withdrawals that exceed the free withdrawal amount during the surrender charge period. The MVA will also apply if you annuitize during the surrender charge period and may apply under certain circumstances involving death and joint ownership. In general, if at the time of withdrawal interest rates in the market, as measured by the 10-year Constant Maturity Treasury rate, are higher than when you purchased your annuity, an additional amount is deducted from your annuity. Conversely, if market interest rates are lower than when you purchased your annuity, an additional amount is likely to be added to your annuity, which reduces the amount deducted from your contract. The MVA will not apply to withdrawals that are less than the free withdrawal amount or to the death benefit paid upon the death of the annuitant or the death of the joint owner if the joint owner is the spouse of the annuitant. In AK, CA, IN, MN, MO, NH, NJ, OH, OR, PA, SC, TX, UT and WA an MVA does not apply. See the Statement of Understanding (SOU) for more details on the MVA.

## About Security Benefit

Since 1892, Security Benefit has been in the business of helping others. We do that today by fostering strong partnerships to provide insightful and customized retirement solutions for individuals nationwide through a broad network of independent financial professionals.

Our only focus is retirement – helping you save for it and, most importantly, helping you enjoy it to its fullest potential.

At Security Benefit, a Guggenheim Partners company, we are fast becoming one of America's leading retirement savings and income companies by offering a compelling and customized suite of retirement savings products to help pre- and post retirees achieve a secure retirement.

And, by leveraging the general account management capabilities of Guggenheim Investments, a subsidiary of Guggenheim Partners, and our exceptional customer service, we continue to deliver on our long-standing reputation for excellence. We're here to provide solutions that lead up to and carry you through your retirement years. All of this built upon a solid financial foundation that means we believe we can deliver on our promises and your future.

For more information about our financial strength and ratings, please visit [securitybenefit.com](http://securitybenefit.com).

## About Guggenheim Partners

Guggenheim Partners is a privately held global financial services firm with more than \$160 billion\* in assets under management. The firm provides asset management, investment banking and capital markets services, insurance, institutional finance and investment advisory solutions to institutions, governments and agencies, corporations, investment advisors, family offices and individuals.

Guggenheim Partners is headquartered in New York and Chicago and serves clients around the world from more than 25 offices in 10 countries. For more information, please visit [www.guggenheimpartners.com](http://www.guggenheimpartners.com).

Guggenheim Investments, a subsidiary of Guggenheim Partners, manages Security Benefit Life's general account assets of more than \$5 billion. The firm's investment expertise helps us set competitive credited rates for our annuity products.

Security Benefit is dedicated to the preservation and growth of our clients' retirement savings and to upholding the principles and integrity of the firm's namesake, Guggenheim. The Guggenheim name represents a rich tradition of innovation and success in business, philanthropy, education and investments.

The Guggenheim legacy is one of the most enduring in modern global business. We'd like to help you create your legacy.



*All financial figures as of September 30, 2012.*

*\*Assets under management include consulting services for clients whose assets are valued at approximately \$35 billion.*



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*This brochure contains highlights only. Please refer to the annuity contract for a full explanation of the product and any charges or limitations. The Security Benefit Secure Income Annuity (Form 5800 (11-10) and ICC10 5800 (11-10)), a fixed index flexible premium deferred annuity contract, is issued by Security Benefit Life Insurance Company. Product features, limitations and availability may vary by state.*

*Guarantees provided by annuities are subject to the financial strength of the issuing insurance company. Annuities are not FDIC insured; are not obligations or deposits of, and are not guaranteed or underwritten by any bank, savings and loan or credit union or its affiliates; are unrelated to and not a condition of the provision or term of any banking service or activity.*

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*Fixed index annuities are not stock market investments and do not directly participate in any stock or equity investments. Market Indices do not include dividends paid on the underlying stocks, and therefore do not reflect the total return of the underlying stocks; neither an Index nor any market index annuity is comparable to a direct investment in the equity markets. Clients who purchase index annuities are not directly investing in a stock market index.*

*Neither Security Benefit nor its representatives offer legal or tax advice. Please consult your personal attorney and/or advisor regarding any legal or tax matters.*

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