



LEGENDMARK<sup>SM</sup>

*Issued by Fidelity & Guaranty Life Insurance Company  
Distributed by Legacy Marketing Group<sup>®</sup>*

*Flexible Premium Deferred Fixed Indexed Annuities*

## **Sales Guide and Product Training**

**As of March 17, 2014**

Products and features are not approved or available in all states: certain restrictions, conditions, and state variations may apply. Consult the annuity contract for more detailed product information.

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For further information, please call the resources listed at the back of this guide or refer to [www.legacynet.com](http://www.legacynet.com). Visit the secure site regularly at [www.legacynet.com](http://www.legacynet.com) for the most current LegendMark Sales Guide and Training.

For product questions and effective sales ideas, call  
**Legacy’s Sales Team**  
**800-395-1053, Ext. 4002**

LegendMark Series fixed indexed annuities are all about choice: 10- or 14-year surrender charge schedule, index options with and without fee, bonus or non-bonus products, and a guaranteed minimum withdrawal benefit rider (packaged with bonus products). Product choices include:

<b>Product Name</b>	<b>Surrender Charge Period</b>	<b>Vesting Bonus</b>	<b>Income XL Rider<sup>SM</sup></b>
LegendMark 10	10 years	NA	NA
LegendMark 10 Plus	10 years	7% (3.5% ages 76+)	Included
LegendMark 10 LT	10 years	NA	NA
LegendMark 10 LT Plus	10 years	7% (3.5% ages 76+)	Included
LegendMark 14	14 years	NA	NA
LegendMark 14 Plus	14 years	10% (5% ages 76+)	Included

**This training manual consists of three parts:**

- Part 1:** Fidelity & Guaranty Life Insurance Company Suitability Requirements
- Part 2:** A Detailed Look at LegendMark Annuities
- Part 3:** Frequently Asked Questions About LegendMark Annuities

**Please note:** Fidelity & Guaranty Life offers a *“Buyer’s Guide for Fixed Deferred Annuities with Appendix for Fixed Indexed Annuities” (FGLI 4898)* for your reference, available on The Forms Store or by contacting your Wholesaler or calling Legacy Marketing Group® at 800-395-1053, Ext. 4002. **Fidelity & Guaranty Life requires the Buyer’s Guide be given to the client at the point of sale.**

## PART 1

### I. Suitability — The Company’s Requirements

Fidelity & Guaranty Life Insurance Company (“Fidelity & Guaranty Life”) requires that all Producer recommendations for the purchase or replacement of annuity products should have a reasonable basis as to their suitability for the consumer, based on the information disclosed by the consumer to the Producer at the time the recommendation is made.

Fidelity & Guaranty Life also requires its appointed Producers to make every reasonable effort to present each client with the information necessary to make well-informed decisions relating to the purchase, exchange, or replacement of any annuity product.

At a minimum, Fidelity & Guaranty Life Producers and their clients should be able to answer “yes” to each of the questions below prior to completion of any annuity purchase, exchange, or replacement:

- Does the client understand the key features of the product?
- Does the client understand the purpose of the annuity?

- Does the client have adequate remaining funds in case of an emergency? Is the client comfortable there are no likely, foreseeable significant adverse changes in income or expenses during the annuity surrender period that may affect the client’s decision to purchase an annuity?
- If the client is replacing or exchanging another product with this annuity, does the client understand the pros and cons of the exchange, i.e., tax penalties, surrender charges, new surrender periods, loss of existing benefits? Will the consumer benefit from the new annuity’s features and enhancements such as any riders selected? Is the complete transaction (including surrender and purchase) suitable?

## **II. Suitability Reviews**

Fidelity & Guaranty Life has established home office procedures for reviewing the suitability of annuity sales transactions. The process involves a review of information you submit with every application, including a review of its Suitability Acknowledgement Form (“SAF”).

The SAF will be reviewed to determine whether the suitability information provided in connection with the transaction:

- Appears to reflect a reasonable basis as to suitability and should be accepted for issue.
- Appears to lack a reasonable basis as to suitability and should be declined.
- Requires further review of certain factors and should be held until Fidelity & Guaranty Life completes its review.

In situations where additional review is required, Fidelity & Guaranty Life will conduct an elevated review of the suitability information, which may include:

- Contacting Producers by telephone with additional questions;
- Conducting telephone interviews with applicants; and/or
- Requesting written responses and/or documentation from Producers to support purchase, replacement, or exchange recommendations.

Fidelity & Guaranty Life will decline transactions determined, via the suitability review process, to lack a reasonable basis as to their suitability. Also, the Company may offer your client the right to free-look an issued annuity at any time and may reserve the right to charge back any commissions paid on that transaction.

## **III. Suitability — The Producer’s Responsibility**

Pursuant to the adopted NAIC Revised Model Regulation on Suitability in Annuity Transactions, a licensed insurance Producer must have reasonable grounds for believing that the recommendation of the purchase, replacement, or exchange of an annuity is suitable based on the insurance needs and financial objectives disclosed by the consumer.

It is your responsibility—both as an appointed Producer for Fidelity & Guaranty Life and as a

licensed insurance Producer—to recommend the purchase, replacement, or exchange of an annuity only after carefully evaluating the unique financial circumstances, objectives, and needs of your customer and determining an annuity is suitable.

Prior to the recommendation to purchase, exchange, or replace an annuity, you are also required to ensure the following:

- The consumer has been reasonably informed of the material features of the annuity;
- The consumer will benefit from purchasing the annuity; and
- The annuity as a whole is suitable for the consumer.

When a recommendation involves a replacement or exchange, you are also required to consider the following:

- Will the consumer incur surrender charges?
- Will the consumer benefit from product enhancements (such as riders)?
- Has the consumer had another annuity exchanged or replaced within the preceding thirty-six (36) months (60 months for CA and MN)?

## **IV. Suitability Acknowledgement Form**

The Fidelity & Guaranty Life Suitability Acknowledgement Form (“SAF”) is an essential part of the Company’s suitability program and is required with every new annuity application.

The SAF is designed to help you assess your client’s financial situation and determine whether an annuity is suitable by asking many of the questions to be considered prior to making an annuity recommendation, including, but not limited to:

- What are your client’s net worth and liquid assets?
- How much of your client’s liquid assets will remain after the purchase of this annuity? Will your client’s income after the purchase of this annuity sufficiently cover his or her living expenses?
- What is your client’s monthly disposable household income?
- What is the source of the funds being used to purchase this annuity?
- What is your client’s purpose for purchasing the annuity, i.e., what financial goals will this annuity help your client achieve?
- Does the long-term nature of an annuity product fit the client’s financial time horizon? Does the client anticipate needing to take any distributions that will be subject to surrender charges?
- What is your client’s investment experience? What other products does your client currently own or has your client owned in the past?
- What is your client’s federal tax bracket?
- How much risk is your client willing and able to sustain in exchange for potentially greater gain?

## V. Documents and Recordkeeping

- When completing the SAF, remember to complete all blanks and answer all questions. Incomplete forms will cause an application to be deemed “Not in Good Order” and will delay suitability review and issuance of the annuity. It is okay, when applicable, to use “NA” or “N/A” to indicate not applicable or to use a null sign (Ø) if the amount is zero, but it is generally preferable not to use dashes.
- Fidelity & Guaranty Life does not permit consumers to “opt out” of completing the SAF. However, if your client is concerned about privacy, you may assure your client that the information from the Suitability Acknowledgement Form will not be shared by the Company with any third party for marketing purposes as explained in the Fidelity & Guaranty Life privacy policy. Be sure also to describe any privacy practices used by you or your agency for handling personal information of your clients.
- Edits to information on the original SAF, including additional information not previously disclosed, must be initialed and dated by the proposed contract owner(s).
- Always keep copies of the SAF and all other documents, make notes of conversations with clients, and save any other information considered in your suitability assessment so you can demonstrate the basis for your recommendations.
- The information should be kept for whatever period is required by your state’s laws, some extending as much as 10 years.
- Promptly provide additional information to Fidelity & Guaranty Life when requested.

## VI. Whose Suitability Information should be collected?

Below are some basic rules to help in determining whose suitability information should be collected:

- If the proposed owner of the contract is a natural person, but not the same as the annuitant, the SAF should be completed with the proposed owner’s information.
- If the proposed owner is a revocable trust, the SAF should be completed with the grantor’s information.
- If the proposed owner is an irrevocable trust and the annuity is purchased in conjunction with or in close proximity to the creation of the trust, then ordinarily the SAF should show the financial information of the grantor of the trust. If the trust predates and is independent of the purchase of the annuity, ordinarily the SAF should show the financial information of the trust itself. In these cases, be sure to explain what the purpose of the trust is *and* how the annuity fits the purpose of the trust.
- If the proposed owner is a corporation, you will need to evaluate the nature of the corporation. If it is closely held, such as an S-corporation, the SAF should look through to the principal owner. If the corporation is a traditional C-corporation in which no individual holds a majority interest, the SAF should be completed with financial information of the corporation itself.

## VII. Signatures — Who should sign the form?

Both you and the proposed annuity owner(s) are required to sign the SAF. You should review each point of the form with your client to ensure your client is reminded of the key considerations in purchasing the annuity and acknowledging all of the information provided is complete and accurate to the best of your client's knowledge.

In cases where the proposed annuity owner is a non-natural person, the following guidelines generally apply:

- If the proposed owner is a trust, the trustee must sign the SAF. A copy of the title page of the trust authorizing the trustee to perform financial transactions and the signature page of the trust should be provided with new business paperwork. Be sure to include a properly completed Certificate of Trust (ADMIN 5663) for irrevocable trusts, or Verification of Trust (ADMIN 5662) for revocable trusts.
- If the proposed owner is a corporation, the appropriate corporate representative must sign the SAF. A copy of the Corporate Resolution reflecting the signor has the authority to act on behalf of the corporation should be provided with new business paperwork.
- If the contract is an UTMA or UGMA, the parent/custodian must sign the SAF.

## VIII. Definitions

**Age:** Owner's legal age at time application is signed by the proposed owner.

**Distributions:** Payments or withdrawals to be taken from annuity.

**Emergency:** A significant unanticipated change in circumstances during the surrender charge period of the recommended annuity, including potential changes in medical expenses, financial situation, or living arrangements.

**Exchange:** A 1035 tax-free exchange in which the Owner transfers money from one annuity to another annuity.

**Household:** The Owner and Owner's spouse or partner. Or, an adult residing with the Owner and sharing finances (i.e., income and expenses) with the Owner.

**Liquid assets:** Assets that can be accessed without substantial penalty such as checking and savings accounts, money markets, short-term certificates of deposit, and no-load mutual funds.

**Monthly disposable household income:** Monthly household income minus monthly household expenses. A separate worksheet may help you to develop this number.

**Monthly household expenses:** Approximate household expenses of the Owner and any spouse/partner including but not limited to rent/mortgage payments; utilities; travel and transportation; insurance premiums; health care including insurance premiums and any

deductibles or copayments; debt repayment; support for dependents; membership costs; vacation costs; charitable contributions; and property taxes.

**Monthly household income:** After-tax approximate household income of the Owner and any spouse/partner, including but not limited to, earned and investment income, such as salary and wages; Social Security payments; pension and IRA payments; rental income; and interest and dividends earned on other financial instruments. (Income currently earned on financial instruments that will be used to fund the annuity purchase should not be included.)

**Owner:** A person who will own the annuity contract if issued. Owners have the right to make withdrawals, surrender, or change the designated beneficiary. Owners may also be trusts, corporations, and other non-natural persons.

**Replacement:** A transaction in which a new annuity is to be purchased and it is known or should be known to the Producer that, by reason of the transaction, an existing annuity or life contract has been or is to be: (a) lapsed, forfeited, surrendered, or partially surrendered, assigned to the replacing insurer, or otherwise terminated; (b) converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of non-forfeiture benefits or other policy values; (c) amended so as to affect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid; (d) reissued with any reduction in cash value; or (e) used in a financed purchase.

**Risk tolerance:** Level of risk a consumer is willing and able to accept for potentially greater returns.

**Source of funds:** The original source(s) of money used to purchase the annuity and make any subsequent premium deposits into the annuity.

**Total net worth:** Total assets minus total liabilities (i.e., debts, loans, mortgages, or any other liabilities).



## PART 2

### I. Product Overview

#### 1. Issue Ages

The minimum and maximum issue ages for the annuitant and owner are as follows:

- 0–85 for nonqualified.
- 18–85 for qualified.

Joint owners are permitted, with the oldest joint owner as the basis of issue.

#### 2. Allocation Dates

This is the date declared by the Company for the allocation of each premium payment, transfer, or renewal into the interest crediting option and is the first day of the interest crediting period. There are currently four allocation dates: the 1<sup>st</sup>, 8<sup>th</sup>, 15<sup>th</sup>, and 22<sup>nd</sup> of the month. Applications and premium must be received in good order two business days prior to the allocation date. Otherwise, applications and premium are held without interest until the next allocation date following when the application and premium are received in good order.

#### 3. Minimum and Maximum Premium

- The minimum initial premium is \$10,000.
- The minimum additional premium is \$2,000.
- The minimum interest crediting option allocation is \$2,000.
- The maximum premium per owner without Home Office approval is \$1 million.

#### 4. Additional Premium

The minimum for subsequent premiums is \$2,000. Any additional premium will be placed initially into the Fixed Interest Option. On the contract anniversary, the owner may reallocate any portion of this account value among any of the interest crediting options, provided the minimum amount allocated to any particular option is \$2,000. Additional premium payments may be made anytime before the owner reaches the maximum issue age, but any premium bonus amounts and commissions apply only to additional premiums made in Year 1.

### II. Interest Crediting Options

With your guidance, clients can choose the option or combination of options that best helps them achieve their financial goals. An owner can select more than one option; however, the amount going into any particular option must be at least \$2,000.

#### 1. Choice of Seven Interest Crediting Options:

1. One-Year Annual Point-to-Point (with fee).
2. One-Year Annual Point-to-Point (without fee).
3. One-Year Monthly Point-to-Point (with fee).
4. One-Year Monthly Point-to-Point (without fee).
5. Declared Rate on Gain Option (with fee).\*
6. Declared Rate on Gain Option (without fee).\*
7. Fixed Interest Option.

\* Also known as the Point-to-Point Declared Rate on Gain Crediting Option Rider.

## 2. Indexed Interest Crediting Option Terminology

**Fee**—A percentage rate declared by the Company that is deducted from the strategy value allocated to an indexed crediting option. Options that include a fee offer a higher cap or declared rate than options that do not include a fee, and, therefore, greater upside potential. For these options, an annual fee is subtracted from the strategy value at the time of allocation and on each contract anniversary thereafter. The fee is declared at issue and guaranteed for the life of the contract. Please review the *Quick Reference* for the current fee.

**Participation Rate**—A rate declared by the Company for each index crediting period. It is expressed as a percentage of any index growth, is used to calculate any interest to be credited, and is guaranteed to be 100% (in the indexing formula) for all indexed options.

**Cap**—Applies to the One-Year Annual Point-to-Point and One-Year Monthly Point-to-Point indexed interest options. The cap determines the maximum interest rate credited by the Company during the term period. The minimum caps are referenced below. Current caps are subject to change at the discretion of Fidelity & Guaranty Life.

**Declared Rate**—Applies to the Declared Rate on Gain Option. The declared rate is a predetermined interest crediting rate that is declared by the Company at the beginning of the term period. The declared rate is locked in for each one-year term period and is subject to change at the end of each period. The minimum declared rate is referenced below. Current declared rates are subject to change at the discretion of Fidelity & Guaranty Life.

### 3. The Minimum Cap Rates for LegendMark Series products are as follows:

- One-Year Annual Point-to-Point (with fee or without fee): 3%.
- One-Year Monthly Point-to-Point (with fee or without fee): 1%.

### 4. The Minimum Declared Rate for LegendMark Series products is as follows:

- Declared Rate on Gain Option (with fee or without fee): 1%.

### 5. Fixed Interest Option

The interest rate for this option is declared for each 12-month period and will never be less than the MGSV accumulation interest rate described in the contract. Rates are declared by the Company and guaranteed for the 12-month period. Additional premium payments are allocated to the Fixed Interest Option. Clients may transfer to and from this option on contract anniversaries. If clients anticipate needing to take periodic withdrawals, this option is recommended.

## III. Indexed Interest Crediting Options: How Each Option Works

These options offer clients the opportunity to link interest credited to a formula that tracks percentage changes in the S&P 500® Index during an index crediting period. Clients benefit from tax-deferred earnings and index-linked gains without eroding their principal. Interest credited is locked in annually, and will never be less than 0%. If an owner dies prior to the next index crediting date, the indexed interest credit will be as of the date of death.

The S&P 500® is a leading stock market index and a primary economic indicator. The index measures price changes of 500 widely held U.S. common stocks. Dividends paid on the stocks underlying the index are not reflected in the index itself.

The following indexed options are available with or without an annual fee (see *Quick Reference* for current fee). For crediting examples, see the *LegendMark Interest Crediting Option Inserts*.

**1. One-Year Annual Point-to-Point (with or without fee)**

In this annual reset option, interest credited is determined by subtracting the prior year's index value from the current year's index value, then dividing the result by the prior year's index value. The resulting index percentage change is multiplied by the option's account value to determine the interest credited. Interest credited is subject to a cap.

**2. One-Year Monthly Point-to-Point (with or without fee)**

This annual reset option measures the change of the index monthly over a one-year period. A cap is applied to each monthly gain, and the monthly returns are totaled at the end of the one-year period to determine the interest credited.

**3. Declared Rate on Gain Option (with or without fee)**

This annual reset option compares the index value at the end of each one-year period with the index value on the allocation date. At the end of the one-year period, if the index has increased, interest is credited at the declared rate specified at the beginning of the term. If the index is down or remains the same, the contract value remains level from the previous year (less strategy fees or previous withdrawals or loans).

**Renewals and Anniversaries**

An owner who wants to change interest crediting options has 10 calendar days after the end of the interest crediting period to notify the Administrative Office. If no new interest crediting option is selected, funds will renew on the allocation date into the same interest crediting option. If an option is no longer available, funds will be allocated proportionately across the remaining interest crediting options in which the account value is allocated.

**Transfers Among Interest Crediting Options**

Initially, your clients may allocate premium among any of the available interest crediting options. Additional premiums are applied to the Fixed Interest Option. Values may then be transferred among the interest crediting options only at the end of the interest crediting period. This includes transfers between/from options with fees to those without fees.

**I. Premium Bonus Vesting**

LegendMark 10 Plus and 10 LT Plus products include a 7% bonus, and LegendMark 14 Plus includes a 10% bonus. The bonus amount is reduced by 50% for issue ages 76+. The bonus is calculated as a percentage of first-year premiums. The bonus amount is credited to the total account value and is eligible to earn interest from the date of issue. The bonus amount, plus any interest earned on that bonus amount, then vests over the respective vesting period of 10 or 14 years.

## Vesting Premium Bonus Schedule

Contract Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14+
LegendMark 10 Plus and LegendMark 10 LT Plus	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%				
LegendMark 14 Plus	7%	14%	21%	29%	36%	43%	50%	57%	64%	71%	79%	86%	93%	100%

The account value available under the Nursing Home waiver, Terminal Illness waiver, or Home Health Care waiver includes the portion of any bonus amounts that have vested at that time. The Death Benefit includes 100% of any bonus amounts, regardless of the portion vested at that time.

## V. Income Options

LegendMark surrender values may be converted to regular monthly annuity payments at any time, subject to the following provisions.

### 1. Settlement Options Offered

- Income for a Fixed Period.
- Life Income With a Guaranteed Period.
- Life Income.
- Joint and Contingent Life Income.
- Joint and Survivor Life Income With a Guaranteed Period.
- Joint and Survivor Life Income.
- Life Income With a Lump Sum Refund at Death.

The owner or beneficiary may elect one of the Settlement Options to begin to receive payments of contract proceeds over a fixed period, in a fixed amount, or over the lifetime(s) of the designated person(s).

### 2. Annuitization

For options with a guaranteed period, the minimum payout period is five years and the maximum is the lesser of 25 years or the life expectancy of the annuitant(s). The minimum payment rate for Joint and Contingent/Survivor annuitant is 25%. For all settlement options, the annuitization amount is based on the surrender value at that time, less surrender charges. All of these payment options, except income for a fixed period, provide a guaranteed income your client cannot outlive.

### 3. Income XL Rider Guaranteed Minimum Withdrawal Benefit (GMWB) Rider

The Income XL Rider GMWB is included with LegendMark Series bonus products for an additional charge. The rider provides clients with guaranteed lifetime income without the need to annuitize and allows them to:

- Capitalize on the growth of their account value.
- Maintain control of their assets.
- Access their money when they need it most.

- Decide when to start receiving payments.
- Turn payments on or off as their needs change.
- Increase payments through a “Step-up.”

Unlike GMWB riders that offer only an annual roll-up feature, the Income XL Rider allows clients to truly capitalize on the growth of their account value by using the greatest of two values to determine their Income Base. The Income Base (i.e., the value used to calculate the Guaranteed Withdrawal Payment and rider charge) is *the greatest of*:

- **Performance Value**—Determined by applying the sum of one plus the Performance Multiplier to the total account value (excluding premiums added after Year 1). The Performance Multiplier increases by a Performance Factor each year during the 10-year Roll-up period (see below for calculation example). The Performance Value will not exceed the Premium Factor (which is 5) times premium paid in Year 1.
- **Roll-up Value**—Initial premium (excluding premium bonus) growing at a competitive annual Roll-up Rate for 10 years. The Roll-up Rate is a daily compound interest rate.

The annual Roll-up and Performance Factor are current guaranteed rates. Fidelity & Guaranty Life reserves the right to change these rates for future sales of Income XL Rider to not less than the minimum guaranteed rate (2% for the annual Roll-up and 1% for the Performance Factor). See *Quick Reference* for current rider Roll-up amount.

**Performance Value Calculation Example (Assumes 5% Performance Factor)**

<b>Duration</b>	<b>Performance Value Percentage</b>
1	5% = multiplier
2	5% + previous multiplier (5%) = 10%
3	5% + previous multiplier (10%) = 15%
4	5% + previous multiplier (15%) = 20%
5	5% + previous multiplier (20%) = 25%
6	5% + previous multiplier (25%) = 30%
7	5% + previous multiplier (30%) = 35%
8	5% + previous multiplier (35%) = 40%
9	5% + previous multiplier (40%) = 45%
10+	5% + previous multiplier (45%) = 50%

In this example, in Year 5, your client’s account value would be increased by 25% to determine the Performance Value.

In an up market, the Performance Value can significantly increase your clients’ income payments, as this example shows (assumes age 65 at issue, \$100,000 premium, 10% vesting premium bonus, 5% crediting rate, and 5% performance factor).

### Roll-up Value vs. Performance Value Example

Duration	Age	Roll-up Value	Performance Value
0	65	\$100,000	\$114,345
1	66	105,000	120,062
2	67	110,250	129,787
3	68	115,763	139,960
4	69	121,551	150,592
5	70	127,628	161,693
6	71	134,010	173,273
7	72	140,710	185,343
8	73	147,746	197,912
9	74	155,133	210,989
10	75	162,889	224,583
11	76	162,889	231,002
12	77	162,889	237,606
13	78	162,889	244,398
14	79	162,889	251,384

**Payments**—Payments are available at the end of the first contract year and when the youngest annuitant is age 50. The payment amount (Guaranteed Withdrawal Payment) is calculated by multiplying the Income Base by the Guaranteed Withdrawal Percentage and is based on the annuitant’s age (or age of youngest annuitant if joint annuitants) at the time he/she elects to begin receiving payments. The Guaranteed Withdrawal Payment is the maximum withdrawal amount that can be taken each contract year without a reduction to the Income Base. Payments may be made annually, semiannually, quarterly, or monthly; must be \$100 or larger; count toward any free partial withdrawals available under the contract, and reduce the account value.

### Guaranteed Withdrawal Percentages

Annuitant’s Age	Single Annuitant	Joint Annuitant (based on age of youngest annuitant)
0 to 49	NA	NA
50 to 54	3.50%	3.00%
55 to 59	4.00	3.00
60 to 64	4.50	4.00
65 to 69	5.00	4.00
70 to 74	5.50	5.00
75 to 79	6.00	5.00
80 to 84	6.50	6.00
85+	7.00	6.00

Unless the owner is an entity, the owner and annuitant must be the same person. Joint annuitants must be spouses. Joint payouts are allowed on both qualified and nonqualified contracts.

**Step-up**—A Step-up occurs when the Income Base is increased to the greater of the account value or the Performance Value, if one of those values is larger than the Income Base. The

Step-up is automatic and is available each contract anniversary during the Withdrawal Period. Any increase in the Income Base will result in an increase in the Guaranteed Withdrawal Payment.

**Rider Cost**—Annual rider charges are calculated as a percentage of the Income Base and deducted from the vested account value on each contract anniversary, beginning at the end of the first contract year. The cost-of-rider charge is declared at contract issue. The cost is guaranteed never to be more than 1.50% of the Income Base. Please review the *Quick Reference* for current rider cost.

**Excess Withdrawals**—During the rider's Withdrawal Period, withdrawals that exceed the Guaranteed Withdrawal Payments in any given year are considered excess withdrawals and will reduce the Income Base on a proportional basis. Required Minimum Distributions and Substantially Equal Period Payments are not considered excess withdrawals.

**Spousal Continuation:**

- *Accumulation Period*—On the death of the first owner, the rider will continue if the surviving spouse continues the contract. The Guaranteed Withdrawal Percentage will be based on the continuing spouse's age, single annuitant, at the time Guaranteed Withdrawal Payments begin.
- *Withdrawal Period*—On the death of the first owner, the rider will continue, if the surviving spouse is a joint annuitant and continues the contract. Guaranteed Withdrawal Payments will continue and will still be based on the age of the youngest annuitant at the time Guaranteed Withdrawal Payments begin.

**Termination**—The rider terminates, and charges cease, when:

- The contract terminates for any reason.
- Annuitization occurs.
- Owner cancels the rider (may not be cancelled until after the end of the surrender charge period, which is 10 or 14 years depending on the product).

## VI. Access to Account Values

LegendMark clients have several options for accessing their vested account values. Clients may select the interest crediting option from which monies will be withdrawn. If they do not select an option for withdrawals, withdrawals will come from each interest crediting option based on the proportional percentage of account value the option represents. Amounts withdrawn from an indexed option before the end of the interest crediting period will have no interest earnings credited for that period. Therefore, if regular withdrawals are anticipated, the Fixed Interest Option may be an appropriate selection for a portion of their monies.

### Surrender Charge-Free Withdrawals

Each contract year, after the end of the first contract year, a free partial withdrawal of up to 10% of the vested account value as of the prior anniversary, less any prior surrender charge-free withdrawals taken during the current contract year, may be withdrawn. Interest will not be credited to any amounts withdrawn or surrendered. The minimum required distribution associated with the

contract can be withdrawn without surrender charges even if it is greater than 10% of the surrender charge-free withdrawal amount.

### **Systematic Withdrawals**

Regular systematic withdrawals are available on a monthly, quarterly, semiannual, or annual basis with a minimum withdrawal amount of \$100. Interest will not be credited to any amounts withdrawn. These systematic withdrawals give your client the flexibility to take distributions when they're needed, while still maintaining the ability to discontinue withdrawals at a later date. Monthly income payments are only available electronically. However, quarterly, semiannual, or annual withdrawals may be made by check or electronically.

### **“Checkbook” Access**

Available upon request by the owner, a “checkbook” allows owners to access their annuity value. Up to four drafts may be written per contract year. The minimum draft amount is \$500, and the draft must be made payable to the owner or a financial institution. “Checkbooks” are not available for certain types of annuities.

### **Substantially Equal Periodic Payments (SEPP)**

The SEPP option, provided for under IRC 72(q) and (t), generally allows for withdrawals before age 59½ without income tax penalties. SEPP withdrawals that exceed 10% of the account value in a given year are subject to surrender charges. A 10% surrender charge-free withdrawal may not also be taken when this option is elected. See the enrollment form for details.

### **Required Minimum Distribution**

Beginning in the first year, the required minimum distribution (RMD) specifically calculated for the contract may be withdrawn without surrender charges, even if it is greater than the 10% surrender charge-free withdrawal amount.

## **II. Surrender Charges**

A charge may be assessed for a surrender or withdrawal. The charge is applied as a percentage of the vested account value surrendered. Surrender charges vary by product version.

Surrender charges **WILL** apply to full or partial withdrawals made in excess of the surrender charge-free amount during the first 10 or 14 years, depending on the product selected, as shown in the following surrender charge schedules. The surrender charges equal the surrender charge percentage for the applicable year, multiplied by the amount of vested account value withdrawn above the surrender charge-free withdrawal allowance, and are as follows (surrender charges may vary by state and version).



### Surrender Charge Schedules

Contract Year	LegendMark 10 and 10 Plus	LegendMark 10 LT and 10 LT Plus	LegendMark 14 and 14 Plus
1	14%	9%	14.75%
2	13	9	13.75
3	12	8	12.75
4	11	7	11.75
5	10	6	10.75
6	8	5	10
7	6	4	9
8	4	3	8
9	2	2	7
10	1	1	6
11	0	0	5
12			4
13			3
14			2
15+			0

#### When Surrender Charges Do NOT Apply

Surrender charges are waived when one of the following waivers is exercised. Please check the State Approval Matrix for state availability of waivers. The payout of these benefit riders is based on the vested account value, which includes any bonus amounts that have vested at that time:

- **Nursing Home Waiver**

If the owner is confined to a licensed nursing home for more than 60 days, and confinement begins at least one year after the annuity's date of issue, surrender charges will be waived on withdrawals made during the period of confinement. The surrender must be made while the owner is confined, and written proof of confinement must be received by Fidelity & Guaranty Life's Administrative Office.

- **Terminal Illness Waiver**

If a licensed physician certifies that the owner has been diagnosed with an illness or condition that causes life expectancy to be less than one year, and the diagnosis takes place at least one year after the annuity's date of issue, surrender charges will be waived during this period of terminal illness. Written proof of the terminal illness must be received by Fidelity & Guaranty Life's Administrative Office.

- **Home Health Care Waiver**

If the owner requires home health care services from a licensed home health care provider as a result of being impaired in performing two out of six activities of daily living (bathing, dressing, transferring, toileting, continence, and eating), and impairment begins at least one year after the contract issue date and continues for at least 60 consecutive days, surrender charges will be waived on withdrawals made during the period of impairment. The surrender must be made while the owner is receiving home health care services, and written proof must be received by Fidelity & Guaranty Life's Administrative Office indicating: (1) impairment in performing two of six ADLs, (2) the need for home health

care services as result of the impairment, and (3) that impairment is expected to last 90 days from the day of request.

### **Minimum Guaranteed Surrender Value**

The minimum guaranteed surrender value equals 87.5% of premium payments reduced by previous withdrawals, and adjusted for any account value reallocations, accumulated at a rate between 1% and 3% (set at the time the contract is issued).

## **VIII. Death Benefit**

The amount payable as a result of the death of an owner before the maturity date is the greater of the full account value or minimum guaranteed surrender value. The Death Benefit includes 100% of any bonus amounts, regardless of the portion vested at that time. Index gains vest to the date of death.

## **PART 3**

### **I. Frequently Asked Questions**

#### **What are the ratings of Fidelity & Guaranty Life Insurance Company?**

LegendMark flexible premium deferred fixed indexed annuities are issued by Fidelity & Guaranty Life Insurance Company, Des Moines, IA. Rated by A.M. Best B++ (Good) for financial strength rate (FSR), 5<sup>th</sup> highest of 16 ratings; rating as of March 2014.

#### **Will Fidelity & Guaranty Life accept wire transfers of premiums?**

Yes. Wire transfer instructions and forms are available on LegacyNet<sup>®</sup>.

#### **Are exchanges/transfers permitted from an existing Fidelity & Guaranty Life deferred annuity to a LegendMark annuity?**

Yes, but surrender charges will NOT be waived on existing annuities. Please refer to Legacy's *Compensation Schedule* for information on commissions.

#### **Is there a rate lock on 1035 Exchanges?**

Yes. For premiums from 1035 Exchanges and transfers facilitated by our Administrative Office, interest rates, caps, and declared rates will be locked in for 60 days from the date the application is received in the Administrative Office. Please note that the premium receives the greater of the rate in effect on the date the application is received or the allocation date. If cash is received with the application (rate lock start date) and transfer premium is received at a later date, all the premium will receive the same higher rate as long as the transfer premium was received within the rate lock duration of 60 days.

#### **Where can I find information on LegendMark commissions?**

Complete details on LegendMark commissions are provided in Legacy's *Compensation Schedule*. In general, commissions apply to all premiums paid in the first contract year (no commissions are paid for premiums received after the first contract year) and are based on the age of the oldest annuitant. There are no commission chargebacks for death or qualification under a Nursing Home,

Terminal Illness, or Home Health Care waiver after the free-look period, subject to the terms of Legacy's Producer Agreement. Upon full surrender or on any withdrawal amount exceeding the surrender charge-free amount, 100% of the commission will be charged back in the first contract year and 50% in the second contract year. For annuitization, 100% of the commission will be charged back in the first and second contract years.

**Are annual Consumer Statements provided?**

Fidelity & Guaranty Life provides statements on an annual basis.

**Where can I obtain additional information?**

**Client brochures:**

- LegendMark brochure (FG1707).
- Six product inserts (FG1710–FG1715).
- Interest crediting option inserts (FG1709 and FG1738–FG1739).
- Income rider brochure (FG1708).

**Producer Tools:**

Browse LegacyNet<sup>®</sup> (access via [www.legacynet.com](http://www.legacynet.com)) for:

- State Approval Matrix.
- *Quick Reference*.
- The Forms Store—for application, state-specific forms, and New Business forms.
- Current interest rates and charges.
- Status of pending business.

**Resources to answer your questions:**

**Marketing and Distribution**

Legacy Marketing Group  
2090 Marina Avenue  
Petaluma, CA 94954-6714  
800-211-5641 (Fax)  
800-395-1053, Ext. 4002 (Phone)

**Administrative Services**

Dell

Overnight Delivery

777 Research Drive  
Lincoln, NE 68521

Mail Address

P.O. Box 81728  
Lincoln, NE 68501

800-813-6095 (Fax),  
877-549-7663 (Phone)  
New Business #43  
Policyholder Services #23  
Claims #27  
Licensing and Contracting #6

Products issued by



Products distributed by



Legacy Marketing Group®  
dba: Legacy Marketing Insurance Services (CA Only)  
2090 Marina Avenue, Petaluma, CA 94954-6714  
Telephone: 800-395-1053 • Fax: 800-211-5641  
www.legacy.net.com

**Disclosures:**

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, and income features of secure 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 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.

**Policy Form Nos:** ACI-1018(06-11) and API-1018(06-11), et al.

**Rider Endorsement No.:** ARI-1064(11-13), et al.

**This product is offered on a group or individual basis as determined by state availability.**

Subject to state availability. Certain restrictions may apply. Optional provisions and riders may have limitations, restrictions, and additional charges. Surrender charges may apply to withdrawals. See current State Approval Matrix.

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**No bank guarantee. • Not FDIC/NCUA/NCUSIF insured. • May lose value if surrendered early.**

Fixed annuities may be useful retirement tools for some people. However, fixed annuities may not be suitable for all. Always consider the client's age, annual income, financial situation and needs, financial experience, intended use of annuity, financial time horizon, existing assets, tax status, liquid net worth, and risk tolerance to determine if a fixed annuity is right for your client.

Fixed annuity earnings are tax deferred until withdrawn. Use of annuities with qualified type plans (IRA) may not provide any additional tax benefits above those your clients already receive in such a plan. Withdrawals may be taxable and, when made prior to age 59½, may result in tax penalties. Withdrawals may reduce the death benefit. Surrender charges may apply if withdrawals exceed the penalty-free amount in a year. Fixed annuities generally guarantee a minimum interest rate on all or a percentage of each premium over the life of the contract, less any withdrawals and/or deductions and early surrender charges. Guarantees are based on the claims-paying ability of the insurer.

Insurance agents should not give legal, investment, or tax advice.

## **Product Training Verification**

Please close this document and return to Step 2 of “Steps To Complete Your Annuity Training” on LegacyNet®.

After clicking the link in Step 2, you will be taken to the Annuity Training Acknowledgement page. There you will be asked to provide your name, Producer number, and e-mail address and to verify that you have viewed this presentation by clicking “I Agree.”

After clicking “I Agree,” your completed acknowledgement will be submitted to our Administrative Office, and you will receive an e-mail confirming receipt. Please retain that confirmation for your records. If you have questions or need assistance, please call 800-395-1053, Ext. 4002.