saa select™

a fixed indexed deferred annuity

AVIVA

structured allocation annuity select™ 10

Americans could spend up to a third of their lives in retirement.

Will you be ready?

Many of us look upon retirement as a time to reap the rewards for a lifetime of hard work and planning. For our parent's generation, planning for retirement was essentially a matter of figuring out what kind of lifestyle could be maintained over a 10- or 15-year period from the income generated by a pension, social security and accumulated personal savings.

Times have changed and planning for retirement has become substantially more complicated. Today, most Americans find themselves bearing the responsibility for creating their own retirement income as traditional pensions and lifetime healthcare coverage have, in many instances, become things of the past. Further, longevity has become a significant issue. Medical advances and healthier lifestyles mean that Americans are living longer than ever before.

In fact, according to the U.S. Census Bureau, people age 85 and older are the fastest growing segment of the population.[1] Not surprisingly, for a couple who are both age 65 today, there is a more than 60 percent chance that one of them will live to age 90.[2] As a result, many Americans will spend as much as a third of their lives in retirement.

And while the fact that we're all living longer may be good news, it has also created obstacles not often faced by retirees in previous generations. Regardless of whether your planning for retirement, on the verge of retiring or have already retired, living longer puts even greater pressure on the finite amount of financial resources you've saved to generate a lifetime of retirement income. The question then, for those planning for and those living in retirement is: Will it be enough?

Whether you're already retired or you're still saving for your retirement, there are two primary risks that stand between you and the retirement you've dreamed of. These risks—longevity risk and market risk—require effective management in order to create genuine, long-term retirement security.

[1] U.S. Census Bureau. Internet release on population projections, January 2000.
[2] Society of Actuaries RP-2000 table.

longevity risk

For many Americans, there is a real danger of outliving their financial resources

Despite the best information and even better intentions, many Americans have significantly underestimated the amount of income they will need in retirement. In many cases, it's simply a matter of underestimating how long they will live.

This is what's called longevity risk—the risk of living too long; the risk of outliving your savings.

As we noted earlier, living longer can put even greater pressure on a finite amount of financial resources. For instance, one financial institution recently estimated that—based on a retirement age of 65 and a life expectancy of 82 years for men and 85 for women—a couple retiring in 2007 will need an estimated $215,000 over their retirement simply to meet out-of-pocket medical expenses.[3]

Further, the U.S. Census Bureau estimates that more than half of today's retirees are expected to outlive these projections. Few Americans are prepared for the hefty price tag that will undoubtedly accompany the healthcare costs generated by a lifespan that was the exception rather than the rule just two generations ago.

For many Americans then, there is a very real danger of outliving their financial resources—in not having enough savings to generate enough income to cover a retirement that could last for 30 years or more.

market risk

Market risk refers to the risk of losing money on investments. When saving for retirement most people are comfortable accepting a certain level of risk in order to realize the growth needed for the future. But now, if you're already retired—or are on the brink of retirement—your risk tolerance changes. Everything you've learned about accumulating money is turned on its head. Instead of contributing periodically to your investments, you're facing the need to access and rely on your savings to produce long-term retirement income. General financial planning principals suggest you need to insulate an increasing percentage of your retirement savings from fluctuations in value. Preservation of principal becomes critical at the time in your life when you need to rely on your savings for income and can't afford to go backwards.

[3] Source: Fidelity Consulting. 2007. Assumes no employer-provided retiree health coverage and life expectancies of 17 years for a male and 20 years for a female.

overcoming these **conflicting priorities**

On one hand, protecting the assets you are going to rely on to produce retirement income is critical to your retirement security. On the other hand, increased life expectancy requires your retirement savings to work harder than ever before.

For many then, the challenge in planning for retirement is finding a way to keep these critical assets safe and secure and, at the same time, maximizing the growth and income available from them throughout retirement.

Fortunately, there are options today that have the potential to help you solidify a sound retirement plan. In recent years, many have considered fixed annuities to be an attractive option. Over the last decade, annuities have been increasingly used as part of a sound retirement strategy as they can provide an excellent option for the conservative portion of retirement savings that need to be safely repositioned to meet specific retirement planning goals.

the next **generation**

The **Structured Allocation Annuity™** (SAA**Select**™)—the next generation of fixed annuities—was specifically designed by American Investors Life Insurance Company, an Aviva company, to be an integral part of a sound, long-term retirement plan. Using safety and guarantees as a foundation, American Investors applied innovation and took these benefits to an entirely new level, creating a product so ground-breaking that it features no fewer than five patents issued or pending.

Ultimately, SAA**Select** offers you the guaranteed safety of principal[4] **and** the potential for long-term growth needed to help turn your vision of retirement into a reality.

[4] Surrendering your contract prior to the end of the Withdrawal Charge period could cause you to receive less than your original principal. Subject to the claims paying ability of American Investors Life Insurance Company, Inc.

1

structured allocation annuity™

The **Structured Allocation Annuity** (SAA**Select**) has been developed specifically to be an integral part of a sound, long-term retirement plan and to help turn your vision of retirement into a reality by offering:

a) The guarantees and security you need for your retirement savings;

b) The potential for long-term growth of your principal;

c) A significant level of flexibility to access your retirement savings;

d) The opportunity to create a guaranteed lifetime of income, and;

e) Tax-deferred growth and income opportunities.[5]

strong guarantees[6]

SAASelect offers you the peace of mind of knowing that your retirement savings are safe and secure

A crucial aspect of any sound long-term financial plan is to make sure your retirement savings are available when you need them. Fixed annuity products—like the Structured Allocation Annuity—can be an excellent choice to meet this goal because it—by design—offers a level of safety, security and guarantees which can make it a cornerstone of a comprehensive financial plan. To that end, SAA**Select** offers you a series of guarantees to help you meet your long-term retirement goals and objectives.

Guarantees are based on the stability and claims paying ability of American Investors Life Insurance Company, Inc.

Principal Guarantee
With SAA**Select**, your annuity is guaranteed to never lose principal, provided no early withdrawals are taken in excess of your contract's free withdrawal amount. Withdrawals in excess of the free withdrawal amount may incur a Withdrawal Charge which could cause you to receive less than your original principal.

[5] No additional tax deferral is provided by the annuity contract when used to fund an IRA or other tax-qualified plan.
[6] Not FDIC insured. Subject to the claims paying ability of American Investors Life Insurance Company, Inc.

Minimum Guaranteed Contract Value

SAA**Select** offers you the security of a Minimum Guaranteed Contract Value that ensures—regardless of market conditions—that you will receive a minimum interest crediting rate on a percentage of your premium throughout the life of the contract. This important guarantee offers you the peace of mind of knowing that you can receive no less than 109 percent of your premium by the end of your contract's Withdrawal Charge period.

Excess Interest Guarantee

Your Minimum Guaranteed Contract Value is bolstered by an Excess Interest guarantee. This guarantee ensures that at the end of your contract's Withdrawal Charge period, the interest credited to your Minimum Guaranteed Contract Value will be at least equal to the interest credited to your Accumulation Value. Simply put, the Accumulation Value of your contract will be equal to your premium plus interest, less any withdrawals.

Here's how the Excess Interest guarantee works: If, at the end of your contract's Withdrawal Charge period, the interest credited to your Accumulation Value is greater than the interest credited to the Minimum Guaranteed Contract Value, the Excess Interest guarantee will automatically increase the amount of interest credited to the Minimum Guaranteed Contract Value to an amount equal to the interest credited to the Accumulation Value.

From that point forward, this new Minimum Guaranteed Contract Value will earn interest at the minimum interest crediting rate. Again, this provides you with an added level of security against market volatility because—regardless of market conditions—the value of your contract can never fall below this new Minimum Guaranteed Contract Value. Excess Interest, if any, will be credited at the end of the Withdrawal Charge period and at the end of every five-year Term thereafter.

Lifetime Income

SAA**Select** contains annuitization options that offer you the ability to create a guaranteed lifetime of income, ensuring that your retirement savings will last as long as your retirement. The amount of the payments will be based on the annuitization option you choose and the current annuitization interest rates at the time of your selection. In no case will the interest rate used to calculate the payments be less than an effective annual interest rate of 2.00 percent. For more information see the *Annuitization Feature* on page 13.

SAA**Select** can help keep your retirement savings safe and secure.

2

a structured allocation

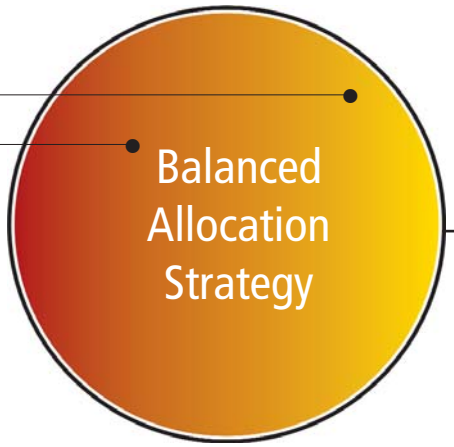
SAA**Select** provides the guarantees similar to those of a traditional fixed annuity, but offers the potential for better long-term accumulation. This potential is derived from an innovative **Balanced Allocation Strategy™**.[7] The Balanced Allocation Strategy determines your interest earnings using a structured, predetermined blend of two elements—an index allocation and a declared rate allocation. The index allocation is linked to the S&P 500 (excluding dividends) and the declared rate allocation is linked to a rate declared by American Investors Life Insurance Company, Inc. These two elements are added together less any applicable charges to determine 100 percent of the appreciation of the Balanced Allocation Strategy.

This structured allocation approach provides your retirement savings the potential for long-term accumulation without the downside risks associated with investing directly in the stock market. See the SAA**Select** product insert for information regarding the minimum allocations and rates.

Balanced Allocation Strategy™

A structured, predetermined blend of two elements

The "S&P 500®" Index Allocation[8]
\+ The Declared Rate Allocation
\– Applicable Charges
Interest Earnings Using a Structured Allocation Approach



Your Premium
+
Interest Earned
=
Accumulation Value

[7] This product has a patent pending.

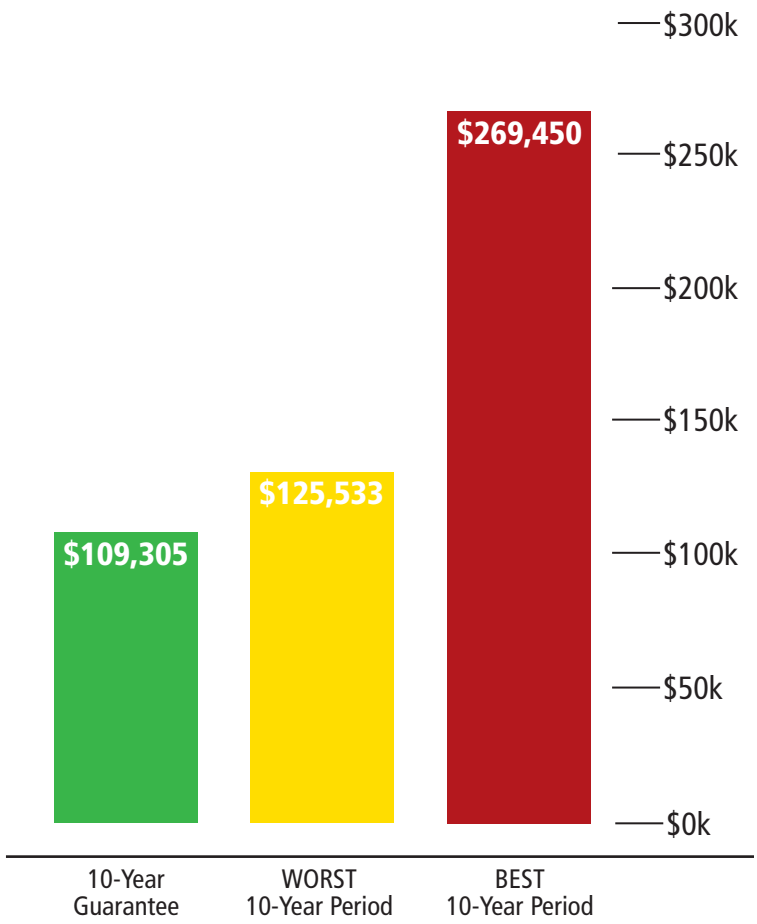
[8] *Standard & Poor's®*, *S&P®*, *S&P 500®*, *Standard & Poor's 500*, and *500* are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by American Investors Life Insurance Company. SAA 10 is not sponsored, endorsed, sold, or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of purchasing this product.

The S&P 500 Index does not include dividends paid on the underlying stocks, and therefore does not reflect the total return of the underlying stocks. Past performance is no guarantee of future performance or values of the SAA**Select** 10.

advantages of a **structured approach**

SAA**Select** keeps your retirement savings secure by guaranteeing that your premium and the interest that is credited to your contract—less early Withdrawal Charges and any Market Value Adjustments (MVA)—can never be lost, regardless of market conditions. (The MVA is not applicable in all states, including Delaware, Illinois, Indiana, Minnesota, Missouri, Oregon, Pennsylvania, Utah and Washington.) At the same time, there are no caps[9] placed on the upside earnings potential of the Balanced Allocation Strategy. Ultimately, this provides you with the opportunity to realize above average long-term growth compared to other common "guaranteed" planning products (i.e., savings accounts, bank CDs, etc.).[10] All this plus the fact that your annuity is fully backed by the financial strength of American Investors Life Insurance Company, Inc.

The chart at right illustrates the best and the worst Accumulation Values SAA 10 would have produced during its initial 10 contract years had it been available for the 30-year period ending January 1, 2008. Assuming an initial premium of $100,000, the Accumulation Value would have grown to $269,450 during its best 10-year period and grown to $125,533 during its worst 10-year period.



This hypothetical illustration assumes a new contract was issued each business day over the last 30 years utilizing the closing price of the S&P 500® Index on those days. It also assumes that the contract was then held for 10 years with no withdrawals or surrenders; a 60 percent Index Allocation; a 40 percent Declared Rate Allocation that utilizes a rate of 4.00 percent for all years less an annual fee of 2.25%. These allocation percentages and rates are not guaranteed; the use of alternate rate assumptions would produce significantly different results. Although this product was not available for the period of time referenced above, actual historical prices of the S&P 500® Index have been used in this example. This illustration is intended solely for comparative values and is not an indication of the annuity's past or future performance. In no case will your contract's cash surrender value be less than the Minimum Guaranteed Contract Value accumulated with interest, which is equal to 2.25 percent in this illustration.

[9] The Index Allocation of the Balanced Allocation Strategy is set by American Investors Life Insurance Company, Inc. and does not use a cap.
[10] Annuities are products of the insurance industry and are not guaranteed by any bank, federal agency or insured by the FDIC.

3

convenience and flexibility

SAASelect provides you with the flexibility to track your values daily and the ability to lock-in and protect your interest at any time

One key to making important decisions about your long-term retirement planning is having access to important information when you need it. To that end, the SAA**Select** offers significant advantages, first among them is the fact that the patent-pending Balanced Allocation Strategy allows for the tracking of contract values on a daily basis.

Lock-In Your Interest

The ability to track contract values daily allows SAA**Select** to give you the flexibility to calculate and lock-in the value of the Balanced Allocation Strategy at any time during a Term. This lock-in of interest can be elected only once during a Term. Once interest earnings are calculated and locked in, they can never be lost as a result of a change in market conditions!

Once earnings are calculated and locked-in, they can never be lost as a result of a change in market conditions!

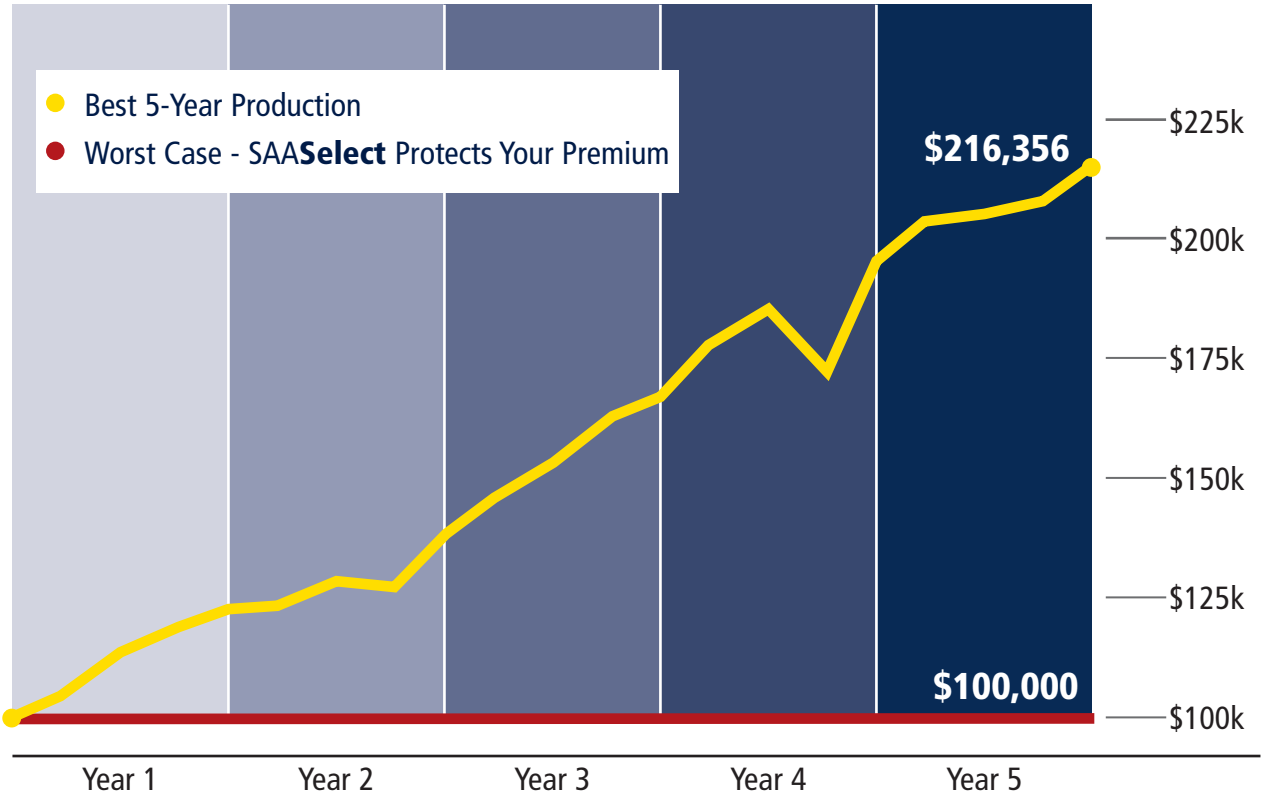
Should you decide to calculate and lock-in your interest earnings before the end of a Term, the total interest for the Term will be calculated and a proportional[11] amount will be credited to your contract at that time. The remaining interest will be credited as a guaranteed interest rate over the remainder of the Term (or to the date you terminate your contract if earlier).

SAA**Select** uses a specific period or Term to measure the change in value of the Balanced Allocation Strategy. This appreciation in value represents the interest earnings that are credited to your contract's Accumulation Value. If you have not already exercised the lock-in feature, SAA**Select** will automatically calculate and lock-in any interest earnings for you at the end of each Term, which is equal to five years.

[11] The proportional amount of interest will be equal to the total calculated interest for the Term multiplied by the percentage of the Term that has expired. For example, if a lock-in is elected on the third anniversary of a five-year Term, 3/5 or 60 percent of the total interest for the Term will be credited to the contract at that time.

You have the flexibility to lock-in the value on any day you choose.

The chart below illustrates the best and worst hypothetical Accumulation Values the SAA**Select** 10 would have produced during its initial five-year Term had it been available during the 30-year period ending January 1, 2008. Assuming an initial premium of $100,000, the Accumulation Value of the contract would have grown by an annualized rate of almost 17 percent during the best five-year Term. During the worst performing five-year Term, your annuity would not have received any interest, but your premium would have been protected inside of the contract and remained intact.[12]



This hypothetical illustration assumes a new contract was issued each business day over the last 30 years utilizing the closing price of the S&P 500® Index on those days. It also assumes that the contract was then held for 5 years with no withdrawals or surrenders; a 60 percent Index Allocation; a 40 percent Declared Rate Allocation that utilizes a rate of 4.00 percent for all years; and an annual fee of 2.25%. These allocation percentages and rates are not guaranteed; the use of alternate rate assumptions could produce significantly different results. Although this product was not available for the period of time referenced above, actual historical prices of the S&P 500® Index have been used in this example. This illustration is intended solely for comparative values and is not an indication of the annuity's past or future performance. In this illustration, the contract's Accumulation Value is guaranteed to never be less than the initial premium of $100,000. Your principal is protected provided that your contract stays in force.

[12] Surrendering your contract prior to the end of the Withdrawal Charge period could cause you to receive less than your original principal.

free withdrawals

Access your money in case of life's emergencies

If your needs should change unexpectedly, it's reassuring to know that you have access to the money in your annuity. You may withdraw the greater of 10 percent of your annuity's Accumulation Value or the Required Minimum Distribution[13] each contract year—including the first year—without incurring an early Withdrawal Charge or Market Value Adjustment (MVA).[14] The MVA is not applicable in all states, including Delaware, Indiana, Missouri, Minnesota, Oregon, Pennsylvania, Utah and Washington.

In the event you need access to more than the free withdrawal amount, you are always entitled to access any amount you deem necessary up to the full surrender value.

Any amount withdrawn in excess of the free withdrawal amount is subject to a Withdrawal Charge and a Market Value Adjustment.[15] See the SAA**Select** product insert for the Withdrawal Charges and information relating to the MVA. The MVA may adjust the amount payable—up or down—depending upon the interest rate conditions at the time of distribution. Specific rules and formulas are used to calculate the MVA. The MVA does not apply in all states.

[13] For IRA and qualified plans only—the IRS requires that you annually withdraw at least a minimum amount—known as a Required Minimum Distribution—from your qualified retirement accounts beginning in the year you turn age 70½. Determining how much you are required to withdraw is an important issue in retirement planning. Consult with your tax advisor to determine your Required Minimum Distributions.

[14] Withdrawals and surrenders may be subject to federal and state income tax. Similarly, except under certain circumstances, gross withdrawals may be subject to an IRS penalty if taken prior to age 59½. If your annuity is a tax-sheltered annuity, the IRS does not, except under certain circumstances, permit withdrawals or surrenders prior to an annuitant's age 59½.

[15] Withdrawals in excess of the free amount prior to a Lock-in Date will not realize any interest for the current Term.

accessing your money

Should the need arise, SAA provides a number of ways to access your money:

By Checkbook Withdrawal

For your convenience, Checkbook Withdrawals are available. You may order a draftbook and write up to two drafts per contract year without a charge. Each draft must be a minimum of $500 and must be made payable to you or your financial institution.

Systematic Withdrawals

You also have the ability to have your withdrawal amounts automatically deposited into your bank account on a monthly, quarterly, semiannual, or annual basis.

Substantially Equal Periodic Payments

If you have a need to access the money in your annuity prior to reaching age 59½, there is usually a 10 percent tax penalty imposed by the IRS. However, the Internal Revenue Code may allow you to avoid this penalty by taking substantially equal periodic payments for your life or life expectancy. Consult your advisor or tax advisor to determine if this option could be appropriate for you.

Annuitization Feature

You have the opportunity on the contract's Annuity Date to convert the value of your annuity into a guaranteed stream of income that will last as long as your retirement. We offer a variety of settlement "payout" options that can be tailored to meet your needs. After the first contract year, and at the company's discretion, you have the option to exchange your contract for a single premium immediate annuity without incurring Withdrawal Charges or Market Value Adjustments. Consult your agent for complete details and limitations.

Terminal Illness and Confinement Waivers

After your contract has been in force for one year, if you are diagnosed with a Terminal Illness, or in the event that illness or serious accident necessitates a stay in a qualified care facility for a minimum of 60 consecutive days, you can withdraw up to 100 percent of your annuity's value as a Free Withdrawal. Additional limitations may apply. (These waivers are not available in Massachusetts; in Texas these waivers do not require 1-year exclusion period; in Pennsylvania, the Terminal Illness Waiver is referred to as the Terminal Condition Waiver.)

Access Your Information Online

For your added convenience, you have 24-hour online access to valuable information about your annuity contract. By registering at **www.avivausa.com**, you will be able to log on and gain access to this information 365 days a year. In addition, you will receive annual statements providing detailed information that will include the current value of your annuity contract.

4 guarantee and protect the legacy you leave your beneficiaries

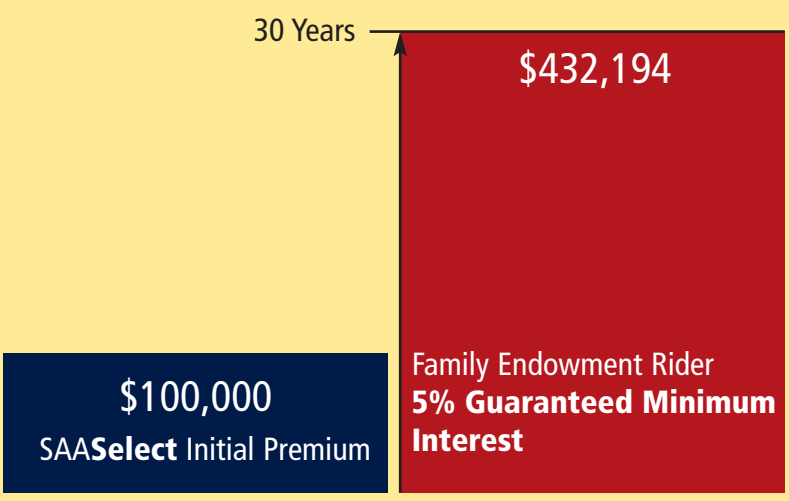
Should you, as the annuitant, pass away before you begin receiving payouts from your annuity, the full value of your annuity will be payable to your designated beneficiary(ies). The death benefit will be equal to the greater of your contract's Cash Surrender Value or the Accumulation Value, plus interest not yet credited for the Term. The death benefit will never be an amount less than that required to comply with any applicable laws of the state in which your contract is issued. Neither Withdrawal Charges nor a Market Value Adjustment will be applied to the death benefit paid. Furthermore, this direct payment generally avoids the expense, delays, and frustration of probate. Under certain circumstances, spousal beneficiaries may be able to continue the contract as their own and continue to enjoy tax-deferred accumulation.

death benefit guarantee

If one of your goals is to leave a legacy for your loved ones, you may elect to add the **Family Endowment Rider**™[16] to your contract. The Family Endowment Rider is referred to in your contract as the Enhanced Death Benefit Rider. The Family Endowment Rider can help protect your interest against market volatility and potentially increase the overall value for your beneficiaries.

The Family Endowment Rider guarantees a death benefit floor for your contract. If you elect the rider, the death benefit paid to your beneficiary(ies) will be the higher of the contract's calculated death benefit (including all interest to date) or the rider's floor amount. The rider benefit amount shall be equal to your premium accumulated at an effective annual interest rate of 5 percent until the maximum age or the date the contract is terminated for any reason, whichever occurs first. After the maximum age, the rider benefit will not grow any further but will continue to be in place. Separate charges apply. The Family Endowment Rider is not available in all states. See the Family Endowment Rider Insert for details.

Leave a legacy for your loved ones



This example is hypothetical and assumes contract issued prior to age 55 and that no withdrawals were taken during the time period indicated.

The values illustrated are intended to show how the death benefit operates. Such values are not intended to be a projection or prediction of current or future performance.

[16] The Family Endowment Rider is not life insurance and any benefit payable under the rider will be taxable. Once the rider has been issued, the owner may not elect to terminate the rider for any reason. This rider is not available in all states.

Customer Service

If you have any questions about your annuity you may call your registered representative, or the Customer Service Department at American Investors Life Insurance Company, toll-free at 888-ANNUITY (888-266-8489). For your added convenience, you can access information about your annuity on the American Investors secure website at **www.avivausa.com**.

American Investors
Life Insurance Company

American Investors Life Insurance Company, Inc. was founded in 1965 and is a wholly owned subsidiary of Aviva plc. Aviva has a strong tradition and experience that comes with a corporate lineage that dates back over 300 years. Aviva is the world's fifth-largest insurance group (based on gross worldwide premiums for the year ended December 31, 2006).

Strength, security, long-term commitment and growth are important financial characteristics when planning for your retirement. We are dedicated to providing these to you through quality products and sound asset management. Our strength has been recognized by independent insurance rating agencies as shown below.

Standard & Poor's
AA- (Very Strong) for financial strength. This represents the fourth-highest rating of Standard & Poor's 24 rating categories.

A.M. Best
A+ (Superior) for financial strength and the ability to meet obligations to contract holders. This represents the second-highest rating of Best's 15 rating categories.

Moody's
A1 (Good) for overall financial strength. This represents the fifth-highest rating of Moody's 28 rating classes.

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This brochure contains highlights only. Please refer to your annuity contract for a full explanation of your annuity and any charges or limitations.

Guarantees provided by annuities are subject to the financial strength of the issuing insurance company.

SAA**Select** is not insured by FDIC, NCUSIF, or any other state or federal agency that insures deposits.
SAA**Select** is not a deposit or obligation of, underwritten or guaranteed by, the depository institution or any affiliate.

Neither American Investors Life Insurance Company, Inc. nor its representatives offer legal or tax advice.
You should consult your own personal tax advisor on any tax matters.

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