



# CapitalElite<sup>SM</sup> 10

Fixed Index Annuity

Grow your retirement assets to  
capitalize on potential income



*Annuity*

# A capital idea: Put time on your side

While the best time to start planning for your retirement might have been 20 years ago, the next best time is always *now*.

**Capitalize on the time you have until retirement to grow your assets and, if you need it, build your income potential.**

Get that and more from  
the **CapitalElite<sup>SM</sup> 10** from  
North American





## Know the lingo

### Key terms to help you understand how your annuity works

An annuity represents a simple promise. It's an insurance contract. For your money and the time you leave it with us, we promise to offer both growth potential and downside protection from market drops. In explaining the fine details, though, you might see some terms that are new to you. Look for boxes like this if you run into a word you'd like to better understand.

#### Premium

The amount paid to the insurance company to fund an annuity.

*\$20,000 minimum (qualified and non-qualified)*

#### Accumulation value

The accumulation value is equal to 100 percent of premium plus any fixed and index account interest you are credited less withdrawals. The accumulation value is used to determine your surrender value, death benefit, any nursing home confinement waiver benefit and certain withdrawals. You can learn more in the "How your annuity can grow" section.

#### Guaranteed lifetime withdrawal benefit (GLWB)

If you use this benefit, you can create an income stream you can't outlive. The guaranteed lifetime withdrawal benefit feature, which you'll sometimes see abbreviated as GLWB, is included for no additional fee. When you elect, it sets a payment amount that you may withdraw every year – even if those payments add up to be more than what you paid into the annuity and the growth you were credited.

#### GLWB value

The GLWB value is exclusively used to calculate lifetime payment amounts. This value is not the basis for calculating the accumulation value, death benefit or other withdrawals from the contract. See more in the "How we calculate your lifetime payments" section.

## What sets CapitalElite apart?

This deferred, flexible-premium, fixed index annuity is designed to provide you guaranteed lifetime income with growth potential from index accounts linked to the stock market.

You can get started for a minimum of \$20,000. And because CapitalElite can grow in multiple ways, we can help you on your way to whatever adventures retirement has in store.



## Know the lingo

### GLWB roll-up rate

Also known as the GLWB value increase percentage, this is a guaranteed 0.25 percent growth rate applied to the GLWB value that compounds annually for a set period of time if you take no early withdrawals.

### GLWB stacking roll-up credit

This is another way we give your GLWB value a potential boost. On top of the 0.25 percent roll-up rate, you'll get to add to your GLWB value the amount credited to your accumulation value multiplied by 200 percent. This applies until your lifetime payment amount election date (or for the first 20 contract years, whichever is first), except in years where a withdrawal is taken. The GLWB bonus and GLWB stacking roll-up credit don't apply to the accumulation value or death benefit.

### Lifetime payment amount

The GLWB lifetime income feature has a formula for how payments are calculated. We call the result of that formula a lifetime payment amount, or LPA. To get the final number, we factor in your premium, any GLWB bonus and GLWB value growth you've been credited, adjustments for any withdrawals, when you choose to start lifetime payments, and the lifetime payment percentage based on your age and the options you select.

### Accumulation value interest credits

For fixed accounts, this term couldn't be simpler. You have a fixed growth rate, and you get annual interest credits for each period that rate is guaranteed. When you choose an index account, the actual amount of interest credited to your accumulation value is determined by a formula. Since it's an index account and not a direct investment, we call the percentage your policy earns its credited interest.

\* A feature offered "by current company practice" is not a contractual guarantee of this annuity contract and can be removed or changed at any time.

# Key benefits of CapitalElite

CapitalElite can never lose value due to market fluctuations and has the potential to grow in several ways – guarantees, a way to benefit from the market's upside and a GLWB bonus – that gives you the best of all worlds:

- With multiple index account options available, you'll also have flexibility to choose a strategy that matches your preferred style.

- 
- Through the no-additional-fee guaranteed lifetime withdrawal benefit (GLWB) feature, the GLWB value – the basis for your lifetime payment amount – can grow. Here's how GLWB value is calculated:

- The GLWB value initially equals 100 percent of your premium.
- For the first five years of your contract, you'll get a 1 percent GLWB bonus on all premium you put in.
- With what we call the GLWB stacking roll-up credit, you'll receive...

**0.25% growth of your GLWB value  
(compounded annually)**

**+**

**200% of the dollar amount of interest  
credited to your accumulation value**

- Less any adjustments for partial withdrawals

- 
- Once you decide to begin taking lifetime payments, the GLWB value is multiplied by a lifetime payment percentage to calculate your lifetime payment amount. The resulting lifetime payment amount provides guaranteed income you can't outlive as long as you don't take more than that amount in any year. For more, see the "How we calculate your lifetime payments" section.

## Lock in interest credits

One advantage of fixed index annuities is a reset feature, which applies to this annuity no matter which crediting method you choose.

With the annual reset, any interest credits are added to your index accounts on each contract anniversary. For the Two-Year Point-to-Point option, this reset happens at the end of each two-year term.

Once credits are added, they're locked in. That means they can't be taken away due to negative index performance. Also at that point, it's added to your accumulation value, giving you the advantage of compounding interest in subsequent years.

By resetting your starting index value at the same time, this feature can help minimize your risk when the index experiences a severe downturn. Without it, you'd have to wait for the index value to climb up to its original level before any interest credit could be realized.

## A closer look at the GLWB value

Since the GLWB value is a key component to your LPAs, it's important to know how it can increase or decrease.

### GLWB value increases due to:

- Additional premiums during the GLWB value premium period
- Annual GLWB value roll-ups

### GLWB value decreases due to:

- Withdrawals, including penalty-free withdrawals, required minimum distributions (RMDs), and LPAs
- All withdrawals will reduce the GLWB value on a proportional basis

Your death benefit and surrender value are both determined by your accumulation value. LPAs, as well as other types of withdrawals, will reduce both your accumulation value and your GLWB value.

### GLWB value

Used to determine LPAs. Not available as a lump sum or death benefit.

### Accumulation value

Used to determine annuity payout options, penalty-free withdrawals, surrender value and death benefit. Grows via any fixed and index account interest credits.



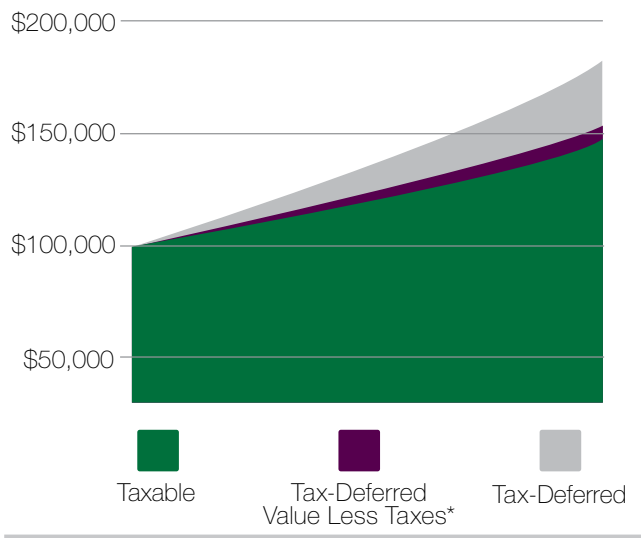


## Tax deferral improves growth potential

Your money grows on a tax-deferred basis, meaning more of it is working for you. Growing your money tax-deferred means you don't owe taxes until you access your money, allowing more time for growth potential. Work with your tax advisor to find out how this might work for you.

*Under current law, annuities grow tax-deferred. An annuity is not required for tax deferral in qualified plans. Annuities may be subject to taxation during the income or withdrawal phase. Please note that neither North American, nor any agents acting on its behalf, should be viewed as providing legal, tax or investment advice. Consult with and rely on your own qualified advisor.*

### The power of tax deferral



*The chart is a hypothetical example of tax deferral and assumes an initial premium of \$100,000 earning 4.00% compounded annual rate of return for 15 years. It is not intended to predict or project performance.*

*\*The tax-deferred value less taxes represents the increase in value, due to tax deferral, less taxes at an assumed rate of 33% with no surrender charge or market value adjustment (MVA), also known as interest adjustment, applied.*

## Provide a lasting legacy

Your beneficiaries will get the remaining accumulation value of your annuity as a death benefit – either in an immediate lump sum or in installments. And, because annuities may avoid the costs and delays of probate, they may not have to wait.

*Please consult with and rely on your own legal or tax advisor.*

## Take advantage of flexible payout options

Whether you need to start drawing income soon after purchasing your annuity or you'd prefer to wait and build your lifetime income potential, there's an option for you. Learn more in the payout option section.

### Why choose North American?

In good times and in bad, over the last 30 years, we've remained one of the most highly rated insurance companies in the U.S., rated A+ (Superior) by A.M. Best.<sup>a</sup>

*(See back cover for details)*

# How we calculate your lifetime payments

The CapitalElite is designed to generate guaranteed lifetime income through the GLWB feature.

Provided no excess withdrawals are taken, this feature ultimately guarantees that a specified amount, the lifetime payment amount, can be withdrawn each contract year for your life, even if the accumulation value and the GLWB value are both reduced to zero.

## How to calculate your GLWB value

$$\begin{aligned}
 &100\% \text{ of initial and subsequent premiums} \\
 &+ \\
 &1\% \text{ GLWB bonus} \\
 &\text{(on premium received in first five contract years)} \\
 &+ \\
 &\text{Stacking roll-up credits} \\
 &\text{(0.25\% of year-end GLWB value + 200\% of dollar amount} \\
 &\text{of interest credited to accumulation value)} \\
 &- \\
 &\text{Adjustments for withdrawals from the contract} \\
 &\text{(if applicable)} \\
 \hline
 &\mathbf{GLWB \text{ value}}
 \end{aligned}$$

Here's a simple hypothetical example of how your GLWB value grows compared to your accumulation value:

	GLWB value	Accumulation value
<b>Initial premium of \$100,000</b>	\$100,000	\$100,000
<b>Immediate 1% GLWB bonus applied</b>	\$101,000	\$100,000
<b>Year 1 interest credit of 3% applied</b>	0.25% Roll Up (.25% x \$101,000) = \$253 \$3,000 x 200% Stacking = \$6,000 <b>\$107,253</b>	<b>\$103,000</b>

# Lifetime payment amounts

After the first contract anniversary that is on or after your 50th birthday, when you're ready to start lifetime income, you can choose monthly, quarterly, semi-annual or annual payments and have them start lower and automatically increase each year or remain level. Payments can be started and stopped at any time. Any excess withdrawals that you may choose to take from your annuity's accumulation value will reduce your future lifetime payments by a proportional amount.

Thereafter, on each contract anniversary, your lifetime payment amount may increase based on the lifetime payment percentage that applies to the annuitant's current age, lifetime payment amount option elected and current GLWB value. This may positively impact future lifetime payment amounts. Future payments will not decrease so long as you don't withdraw more than the available lifetime payment amount in any contract year.

# Lifetime payment amount options

Your lifetime payment percentage is determined by the attained age of the annuitant and lifetime payment amount option elected. For joint annuitants, your lifetime payment percent is based on attained age of youngest annuitant.

## Level lifetime payments

This option provides a level payment amount for either the rest of your lifetime or the joint lifetime of you and your spouse.

## Increasing lifetime payments

This option starts at a lower initial payment amount than the level payment option, but has the possibility of increasing each year, based on an average of the interest credited to your fixed and index accounts. Again, this option can apply for either the rest of your lifetime or use the joint lifetime of you and your spouse.



## Lifetime Payment Percentages (LPPs)

### Level LPA

Single Annuitant		Joint Annuitant	
Attained Age	Percentage	Attained Age	Percentage
50-59	4.00%	50-59	3.50%
60	4.50%	60	4.00%
61	4.60%	61	4.10%
62	4.70%	62	4.20%
63	4.80%	63	4.30%
64	4.90%	64	4.40%
65	5.00%	65	4.50%
66	5.10%	66	4.60%
67	5.20%	67	4.70%
68	5.30%	68	4.80%
69	5.40%	69	4.90%
70	5.50%	70	5.00%
71	5.60%	71	5.10%
72	5.70%	72	5.20%
73	5.80%	73	5.30%
74	5.90%	74	5.40%
75	6.00%	75	5.50%
76	6.10%	76	5.60%
77	6.20%	77	5.70%
78	6.30%	78	5.80%
79	6.40%	79	5.90%
80+	6.50%	80+	6.00%

### Increasing LPA

Single Annuitant		Joint Annuitant	
Attained Age	Percentage	Attained Age	Percentage
50-59	3.00%	50-59	2.50%
60	3.50%	60	3.00%
61	3.60%	61	3.10%
62	3.70%	62	3.20%
63	3.80%	63	3.30%
64	3.90%	64	3.40%
65	4.00%	65	3.50%
66	4.10%	66	3.60%
67	4.20%	67	3.70%
68	4.30%	68	3.80%
69	4.40%	69	3.90%
70	4.50%	70	4.00%
71	4.60%	71	4.10%
72	4.70%	72	4.20%
73	4.80%	73	4.30%
74	4.90%	74	4.40%
75	5.00%	75	4.50%
76	5.10%	76	5.60%
77	5.20%	77	5.70%
78	5.30%	78	5.80%
79	5.40%	79	5.90%
80+	5.50%	80+	5.00%

You will need to notify us in writing to begin receiving your Lifetime Payment Amounts. Once Lifetime Payment Amounts begin, GLWB Stacking Roll-Up Credits will no longer be applied.

For tax treatment of Lifetime Payment Amounts please see your tax advisor. Under current tax law, income payments from CapitalElite may be taxed as ordinary income. Additionally, if taken before 59½, income payments may be subject to 10% IRS penalty.



# How your annuity can grow

With CapitalElite, there are several strategies from which to choose that can help your accumulation value and GLWB value grow. At a high level, you can pick between fixed and index accounts.

On the index side, you can choose from a variety of strategies and index options based on your preferences. While you're not actually investing in the market, interest credits are based on market performance.

## Set your strategy

In addition to the fixed account, here are your crediting method options:

- Monthly Point-to-Point with Index Cap Rate
- Annual Point-to-Point with Index Cap Rate, Index Margin or Participation Rate
- Two-Year Point-to-Point with Index Margin
- Annual Point-to-Point with Threshold Participation Strategy

Each crediting method and the index account options on the next page may perform differently in various market scenarios.

## Did you know?

### How subsequent premiums are applied

All subsequent premiums will initially be credited a fixed interest rate. We'll declare this interest rate for each subsequent premium at the time it's received.

The interest rate applicable to each subsequent premium is guaranteed until the end of the contract year. On each contract anniversary, North American will allocate any premiums received since the prior contract anniversary among the accounts, according to your most recent instructions.

# Pick from a wide variety of index\* options

## S&P 500® Index

Widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The index includes 500 leading companies in leading industries of the U.S. economy.

## S&P Multi-Asset Risk Control 5% Excess Return Index (S&P MARC 5% ER)

The S&P MARC 5% ER Index is a multi-asset excess return index that strives to create more stable index performance through diversification, an excess return methodology, and volatility management. The index manages volatility by adjusting the allocations among multiple asset classes and by allocating to cash in certain market environments. The Index is managed to a 5% volatility level.

## S&P 500® Low Volatility Daily Risk Control 5% Index

Strives to create stable performance through managing volatility (i.e. risk control) on the S&P 500 Low Volatility Index. The S&P 500 Low Volatility Index measures performance of the 100 least volatile stocks in the S&P 500®. The index adds an element of risk control by allocating between stocks, as represented by the S&P 500 Low Volatility Index, and cash. This index is managed to a 5% volatility control.

## S&P 500® Low Volatility Daily Risk Control 8% Index

The S&P 500® Low Volatility Daily Risk Control 8% Index strives to create stable performance through managing volatility (i.e. risk control) on the S&P 500 Low Volatility Index. The S&P 500 Low Volatility Index measures performance of the 100 least volatile stocks in the S&P 500. The index adds an element of risk control by applying rules to allocate between stocks, as represented by the S&P 500 Low Volatility Index, and cash. The Index is managed to an 8% volatility level.

\* NOTE: Past index performance is not intended to predict future performance and the index does not include dividends.

## Did you know?

### How transfers work

You may elect to transfer your values between the fixed account and index account options after the first contract year for the annual index account (or every two years if you choose the Two-Year Point-to-Point strategy). You may also elect to transfer between crediting methods annually (or every two years for amounts allocated to the Two-Year strategy).

Based on current tax laws, these transfers between options will not be taxable or subject to surrender penalties.

*By current company practice, you will have 30 days following each contract anniversary to reallocate. A feature offered "by current company practice" is not a contractual guarantee of this annuity contract and can be removed or changed at any time.*

## Diversify your premium among the following index account options

Crediting methods <i>(Subject to factor below)</i>	Index availability*
<b>Monthly Point-To-Point</b> <i>(Subject to an index cap rate)</i>	<ul style="list-style-type: none"> <li>• S&amp;P 500®</li> </ul>
<b>Annual Point-To-Point</b> <i>(Subject to an index cap rate)</i>	<ul style="list-style-type: none"> <li>• S&amp;P 500®</li> </ul>
<b>Annual Point-To-Point</b> <i>(Subject to an index margin)</i>	<ul style="list-style-type: none"> <li>• S&amp;P 500® Low Volatility Daily Risk Control 5%</li> <li>• S&amp;P MARC 5% ER</li> </ul>
<b>Annual Point-To-Point</b> <i>(Subject to participation rate)</i>	<ul style="list-style-type: none"> <li>• S&amp;P 500®</li> </ul>
<b>Two-Year Point-To-Point</b> <i>(Subject to an index margin)**</i>	<ul style="list-style-type: none"> <li>• S&amp;P 500® Low Volatility Daily Risk Control 8%</li> </ul>
<b>Annual Point-To-Point with Threshold Participation Strategy</b> <i>(Subject to base and enhanced participation rates and index return threshold)</i>	<ul style="list-style-type: none"> <li>• S&amp;P 500® Low Volatility Daily Risk Control 5%</li> </ul>

\* NOTE: Past index performance is not intended to predict future performance and the index does not include dividends.

\*\*For the two-year point-to-point, the declared annual index margin is multiplied by two when it is applied at the end of each two-year term.

## Crediting Methods

<b>Monthly Point-to-Point with Index Cap Rate</b>	<b>Monthly Point-to-Point</b>	This method for determining any interest credit uses the monthly changes in the index value, subject to a monthly index cap rate. The interest credit is credited annually and is based on the sum of all the monthly percentage changes in the index value—which could be positive or negative. On each contract anniversary, these monthly changes, each not to exceed the monthly index cap rate, are added together to determine the interest credit for that year. Negative monthly returns have no downside limit and will reduce the interest credit, but the interest credit will never be less than zero.
	<b>Index Cap Rate</b>	Your annuity applies an index cap rate, or upper limit, to calculate your interest credits each year for the monthly point-to-point. This cap is applied monthly and may change annually. The index cap rate will be declared on each contract anniversary and is guaranteed for that year. The index cap rate is set at the Company's discretion, however, at no time will this cap ever fall below the minimum guaranteed index cap rate set for the monthly point-to-point index account option.
<b>Annual Point-To-Point with</b> • <b>Index Cap Rate; or</b> • <b>Index Margin; or</b> • <b>Participation Rate</b>	<b>Annual Point-To-Point</b>	This calculation method measures the change in index value using two points in time; the beginning index value and the ending index value for that year. Index linked gains are calculated based on the difference between these two values. The index growth, if any, is then subject to an index margin, index cap rate, and/or participation rate. The annual interest credit will never be less than zero.
	<b>Index Cap Rate</b>	Your annuity applies an index cap rate, or upper limit, to calculate your interest credits each year applied to the annual point-to-point index account option. This cap, which is applied annually and may change annually. It is declared on the contract anniversary and is guaranteed for that year. The index cap rate is set at the Company's discretion. However, at no time will this cap ever fall below the minimum guaranteed index cap rate set for the annual point-to-point index account option.
	<b>Index Margin</b>	Once a gain has been calculated using the annual point-to-point index account option, an index margin is subtracted. The index margin is guaranteed for the first year, but can change each year thereafter at the Company's discretion. The index margin is set in advance each contract year, however at no time will it be greater than the maximum index margin for the annual point-to-point index account.
	<b>Participation Rate</b>	Once a gain has been calculated using the annual point-to-point index account option, a participation rate is applied. The participation rate is a percentage that is multiplied by the gain at the end of the contract year and is used to determine the interest credit to your contract. The participation rate is guaranteed for the first contract year, and can change each year thereafter on the contract anniversary. The participation rate is declared each year at the Company's discretion. However, at no time will this rate ever fall below the minimum guaranteed participation rate set for the annual point-to-point index account.



## Crediting Methods

<b>Two-Year Point-to-Point with Index Margin</b>	<b>Two-Year (also known as Term) Point-to-Point</b>	<p>This calculation method measures the change in index value using two points in time; the beginning index value and the ending index value for that two-year term. Index linked gains are calculated based on the difference between these two values. The Index growth, if any, is then subject to an index margin. The interest credit will never be less than zero.</p>
	<b>Index Margin</b>	<p>Once a gain has been calculated using the two-year point-to-point index account option, the annual index margin is multiplied by two (which is the term length) and is subtracted from the gain. An annual index margin is set at the beginning of each two-year term and is guaranteed for that term. The index margin can change at the start of each new term at the Company's discretion, however at no time will it be greater than the maximum index margin for the two-year point-to-point index account.</p>
<b>Threshold Participation Strategy</b>	<b>Annual Point-To-Point</b>	<p>This calculation method measures the change in index value using two points in time; the beginning index value and the ending index value for that year. Index linked gains are calculated based on the difference between these two values. For the Annual Point to Point with Threshold participation rate, once an index-linked gain has been calculated using the annual point-to-point index account, the index-linked gain is compared to a declared index return threshold and is subject to either one or both of the of the threshold participation rates, called the base participation rate and the enhanced participation rate. The annual interest credit will never be less than zero.</p>
	<b>Threshold Participation Rates and Index Return Threshold</b>	<p>A participation rate is a percentage that is multiplied by any index-linked gain at the end of the contract year to determine the interest credit to your contract. If the gain is less than or equal to the index return threshold, the base participation rate is applied to the gain and used to determine your interest credit. If the gain exceeds the index return threshold, the base participation rate is applied to the portion of the gain up to and including the threshold index return and the enhanced participation rate is applied to the portion of the gain that exceeds the index return threshold. The sum of these values is used to determine your interest credit. The index return threshold, the base participation rate, and the Enhanced participation rate are each declared annually at the Company's discretion. Each is guaranteed for the first contract year, and can change each year thereafter on the contract anniversary, but will never exceed the maximum index return threshold or fall below the minimum base participation rate, or minimum enhanced participation rate.</p>
<b>Fixed Account</b>		<p>Premium allocated to the fixed account will be credited interest at a declared fixed account interest rate and is credited daily. The initial premium interest rate is guaranteed for the first contract year. For each subsequent contract year, we will declare, at our discretion, a fixed account interest rate that will apply to the amount allocated to the fixed account as of the beginning of that contract year. A declared fixed account interest rate will never fall below the minimum guaranteed fixed account interest rate.</p>

Ask your sales representative for the current index cap rates, index margins, participation rates, including the base and enhanced participation rate and the index return threshold, and fixed account interest rate.

## Know the lingo

### Market value adjustment

Also known as an interest adjustment, this refers to a feature which may decrease or increase your surrender value depending on the change in the market value adjustment reference rate since you purchased your annuity.

See the “finer points” section for more details.

### Surrender charge

If you need your money before you planned, you may run the risk of incurring what’s called a surrender charge. You don’t have to worry about it if you keep your premium with us for the full duration of the contract. Charges like these, which decrease the longer you keep your annuity, allow the company to invest your money long-term and, in turn, let us potentially offer you better returns.

### Surrender value

This number could be less than your accumulation value. It’s what you’d get if you ended your contract today. Here’s how the math works:

Accumulation value

- /+ Market value adjustment (if applicable)
- Surrender charges (if applicable)
- State premium taxes (if applicable)

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Surrender value

After your surrender charge period, you’d potentially only be responsible for state premium taxes.

+

# Options for accessing your money

## How withdrawals impact how your annuity grows

If you take withdrawals beyond those allowed penalty-free, you won’t experience the full benefits of this annuity. In addition to reducing your accumulation value, your GLWB value will be reduced for any withdrawals taken either before or after lifetime payments begin. Withdrawals other than those lifetime payments will cause your GLWB value to be reduced by the same percentage withdrawn from your contract, which may represent a larger dollar amount than withdrawn.

Withdrawals can be taken to satisfy required minimum distributions (RMDs) without triggering surrender charges\* but will still reduce the GLWB value by the dollar amount withdrawn. Excess withdrawals may be subject to surrender charges and market value adjustments (if applicable) and will ultimately impact your future lifetime payments.

## What if you need your money sooner than you planned?

Like most annuities, you’ll be limited in when and how much you can withdraw from your annuity penalty-free. However, CapitalElite does allow you access to a portion of your money each year.

Taking out more money than what’s available penalty-free will incur a surrender charge. A market value adjustment may also apply.

Withdrawals may be treated by the government as ordinary income. If taken prior to age 59½, a withdrawal could also be subject to a 10 percent IRS penalty. Withdrawals will reduce your accumulation value accordingly.

## How and when you can take penalty-free withdrawals

After the first contract anniversary, you may choose to take a penalty-free withdrawal (also known as a penalty-free partial surrender) of up to five percent of the accumulation value each year. If you withdraw more than that, a surrender charge, and market value adjustment may apply.

After the surrender charge period, surrender charges, and a market value adjustment will no longer apply.

\* A feature offered “by current company practice” is not a contractual guarantee of this annuity contract and can be removed or changed at any time.

## RMD-friendly withdrawals

The IRS requires everyone with savings in certain tax-deferred retirement accounts to begin drawing down their savings the year they turn 70 ½ years old. These are called required minimum distributions (RMDs).

By current company practice\*, we'll waive surrender charges and market value adjustments on any portion of an IRS-required minimum distribution that goes beyond what's available to you penalty-free.

## Your payout options

You may decide to begin receiving income payments from your annuity at the end of the first contract year based on the surrender value. These optional payouts are available in deferred annuities like CapitalElite but are not required.

Once a payout option is elected, however, it can't be changed, and all other rights and benefits under the annuity end.

If you chose to put in money that was already taxed, your annuity would be considered a non-qualified plan. A portion of each income payout from a non-qualified plan would be considered a return of premium. That amount would not be taxable, but any credited gains would be.

In all states except **Florida**, by current company practice\*, you may receive an income from the accumulation value after the first contract year (without surrender charges or market value adjustment) if you choose a life income option. You can also receive an income based on the accumulation value if your annuity has been in force for at least five years and you elect to receive payments over at least a 5-year period.

*\* A feature offered "by current company practice" is not a contractual guarantee of this annuity contract and can be removed or changed at any time.*

### In all states but Florida:

With the exception of life income options, income options are available from 5 to 20 years.

Choose from:

- Income for a specified period
- Income for a specified amount
- Life income with a period certain
- Life income
- Joint and survivor life income

### For Florida:

You may select an annuity payout option based on the accumulation value at any time after the first contract year. The following options are available:

- Life income
- Life income with a 10-year or 20-year period certain
- Joint and survivor life income
- Joint and survivor life income with a 10-year or 20-year period certain



# The finer points of some other features

## Issue ages

(May vary by state)

The CapitalElite is available at issue ages 40-79 (qualified and non-qualified).

## Nursing home confinement waiver adds flexibility

(Not available in all states)

After the first contract anniversary, should the annuitant become confined to a qualified nursing home facility for at least 90 consecutive days, we will increase the penalty-free withdrawal by 10% of the accumulation value each year while the annuitant is confined. This waiver is only available for issue ages 75 and younger and is automatically included with your annuity at no additional charge.

If joint annuitants are named on the annuity, waiver will apply to the first annuitant who qualifies for the benefit.

## Market Value Adjustment

In all states except **AK, CT, DE, HI, MN, MO, NV, NH, NJ, OH, OK, OR, PA, SC, TX, UT, VA, WA**

Your contract also includes a market value adjustment feature — which may decrease or increase your surrender value depending on the change in interest rates since your annuity purchase. Lower interest rates at time of issue may result in less opportunity for a positive market value adjustment in future contract years. In certain rate scenarios at the time of issue, it may not be possible to experience a positive market value adjustment.

Due to the mechanics of a market value adjustment feature, the surrender value generally decreases as interest rates rise or remain constant. Likewise, when interest rates decrease enough over a period of time, the surrender value generally increases. However, the market value adjustment is limited to the interest credited to the accumulation value.

*See the "Understanding the market value adjustment" brochure for more information.*

In **California**, the market value adjustment is limited to the surrender charge or 0.50% of the accumulation value at the time of surrender.

## Market Value Adjustment with External Index

In **AK, CT, DE, HI, MN, MO, NV, NH, NJ, OH, OK, OR, PA, SC, TX, UT, VA, WA**

Your Contract also includes a market value adjustment feature—which may decrease or increase your surrender value depending on the change in the Index Value of the market value adjustment External Index since your annuity purchase.

Due to the mechanics of a market value adjustment, surrender values generally decrease as the market value adjustment External Index rises or remains constant. When the market value adjustment External Index decreases enough over time, the surrender value generally increases. However, the Market Value is limited to the surrender charge or the interest credited to the Accumulation Value.

*See the "Understanding the market value adjustment with External Index" brochure for more information.*

The Market Value Adjustments are applied only during the surrender charge period to surrenders exceeding the applicable penalty-free allowance.



## Surrender charges

During the surrender charge period, a surrender charge is assessed on any amount withdrawn, as a partial or full surrender, that exceeds the available penalty-free amount and may result in a loss of premium. Additional premiums deposited into existing contracts will maintain the surrender charge schedule set forth at contract issue date. Electing an annuity payout option before the end of the surrender charge period may incur a surrender charge.

## Surrender charge schedule

Contract Year	Percentage
1	10%
2	10%
3	10%
4	10%
5	10%
6	9%
7	8%
8	6%
9	4%
10	2%
11+	0%

*A surrender during the surrender charge period could result in a loss of premium. Surrender charges may vary by state.*

## Surrender charge state variations

Contract Year	10-Year CA	10-Year AK, DE, CT, HI, MN, MO, NV, NH, NJ, OH, OK, OR, PA, SC, TX, UT, VA, WA
1	8%	9%
2	7.45%	8.5%
3	6.5%	7.5%
4	5.5%	6.5%
5	4.55%	5.5%
6	3.55%	4.5%
7	2.55%	3.5%
8	1.5%	3%
9	0.5%	2%
10	0.44%	1%
11+	0%	0%

*In California, the surrender charge percentage in the 10th contract year will decrease 0.04% monthly until the surrender charge equals 0.00%. The decrease will occur on the same day in each month as the date of the contract anniversary; if the date does not exist for a given month, the date for that month will be the last calendar day of the month.*



This brochure is for solicitation purposes only. Please refer to your Contract for any other specific information. With every contract that North American Company for Life and Health Insurance® issues there is a free-look period. This gives you the right to review your entire Contract and if you are not satisfied, return it and have your premium returned.

Fixed Index Annuities are not a direct investment in the stock market. They are long term insurance products with guarantees backed by the issuing company. They provide the potential for interest to be credited based in part on the performance of specific indices, without the risk of loss of premium due to market downturns or fluctuation. Although Fixed Index Annuities guarantee no loss of premium due to market downturns, deductions from your Accumulation Value for additional optional benefit riders could under certain scenarios exceed interest credited to the Accumulation Value, which would result in loss of premium. They may not be appropriate for all clients. The CapitalElite<sup>SM</sup> is primarily designed for future income and may not be appropriate for clients who do not plan to utilize the GLWB feature or who intend to take withdrawals before utilizing the GLWB feature. Premium taxes: Accumulation Value will be reduced for premium taxes as required by the state of residence.

Refer to your Contract for complete details. The CapitalElite<sup>SM</sup> 10 is issued on form NC/NA1004A/ICC16-NA1007A.MVA/NA1007A(certificate/contract), LR431A, LR424A-1, AE556A, AE557A, AE589A, AE590A, NA1004A END, AE594A/ICC16-AE594A, LR432A, LR433A, ICC17-AE599A/AE599A, ICC17-AE613B/AE613B, ICC15-AE581A/AE581A, ICC15-AE582A/AE582A, ICC15-AE583A/AE583A, ICC15-AE584A/AE584A, ICC15-AE586A/AE586A, ICC15-AE577A/AE577A, ICC15-AE588A/AE588A and ICC15-AE587A/AE587A (riders/endorsements) or appropriate state variation by North American Company for Life and Health Insurance, West Des Moines, IA. This product, its features and riders may not be available in all states.

### **Special Notice Regarding The Use Of A Living Trust As Owner Or Beneficiary Of This Annuity.**

The use of living trusts in connection with an annuity contract can be a valuable planning mechanism. However, a living trust is not appropriate when mass-produced in connection with the sale of an insurance product. We strongly suggest you seek the advice of your qualified legal advisor concerning the use of a trust with an annuity contract.

Neither North American, nor any agents acting on its behalf, should be viewed as providing legal, tax or investment advice. Consult with and rely on a qualified advisor. Under current law, annuities grow tax deferred. Annuities may be subject to taxation during the income or withdrawal phase. The tax-deferred feature is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as the Death Benefit, lifetime annuity payments, and any other features make the Contract appropriate for your needs.

Withdrawals taken prior to age 59½ may be subject to IRS penalties.

The “S&P 500<sup>®</sup>”, “S&P Multi-Asset Risk Control 5% Excess Return Index”, “S&P 500<sup>®</sup> Low Volatility Daily Risk Control 5% Index” and “S&P 500<sup>®</sup> Low Volatility Daily Risk Control 8% Index” Indices (“Indices”) are products of S&P Dow Jones Indices LLC or its affiliates (“SPDJI”) and have been licensed for use by North American Company for Life and Health Insurance (“the Company”). Standard & Poor’s<sup>®</sup> and S&P<sup>®</sup> are registered trademarks of Standard & Poor’s Financial Services LLC (“S&P”). The trademarks have been licensed to SPDJI and have been sublicensed for use for certain purposes by the Company. CapitalElite (“Product”) is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, any of their respective affiliates (collectively, “S&P Dow Jones Indices”). S&P Dow Jones Indices does not make any representation or warranty, express or implied, to the owners of the CapitalElite or any member of the public regarding the advisability of investing in securities generally or in this Product particularly or the ability of these Indices to track general market performance. S&P Dow Jones Indices only relationship to North American with respect to these Indices is the licensing of the Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The Indices are determined, composed and calculated by S&P Dow Jones Indices without regard to North American or the Product. S&P Dow Jones Indices has no obligation to take the needs of the Company or the owners of this Product into consideration in determining, composing or calculating these Indices. S&P Dow Jones Indices is not responsible for and have not participated in the determination of the prices, and amount of CapitalElite or the timing of the issuance or sale of this Product or in the determination or calculation of the equation by which the Product is to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices has no obligation or liability in connection with the administration, marketing or trading of the Product. There is no assurance that investment products based on these Indices will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

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For nearly 30 years, North American has continued to earn high ratings, based on our financial strength, operating performance, and ability to meet obligations to our policyholders and contract holders. North American currently holds the following ratings:

A.M. BEST <sup>A,B</sup>	S&P GLOBAL RATINGS <sup>B,C</sup>	FITCH RATINGS <sup>D</sup>
<p><b>“A+”</b> (Superior) (2nd category of 15) Superior ability to meet ongoing obligations to policyholders</p>	<p><b>“A+”</b> (Strong) (5th category of 22) Very strong financial security characteristics</p>	<p><b>“A+”</b> (Stable) (5th category of 19) Strong business profile, low financial leverage</p>

A.M. Best is a large third-party independent reporting and rating company that rates an insurance company on the basis of the company's financial strength, operating performance, and ability to meet its obligations to policyholders. S&P Global Ratings is an independent, third-party rating firm that rates on the basis of financial strength. Ratings shown reflect the opinions of the rating agencies and are not implied warranties of the company's ability to meet its financial obligations. The ratings above apply to North American's financial strength and claims-paying ability. **a)** A.M. Best rating affirmed on July 6, 2017. For the latest rating, access [www.ambest.com](http://www.ambest.com). **b)** Awarded to North American as part of Sammons® Financial Group Inc., which consists of Midland National® Life Insurance Company and North American Company for Life and Health Insurance®. **c)** Standard & Poor's rating assigned February 26, 2009 and affirmed on October 19, 2016. **d)** Fitch Ratings, a global leader in financial information services and credit ratings, on May 2, 2017, assigned an Insurer Financial Strength rating of A+ Stable for North American. This rating is the fifth highest of 19 possible rating categories. The rating reflects the organization's strong business profile, low financial leverage, very strong statutory capitalization and strong operating profitability supported by strong investment performance. For more information access [www.fitchratings.com](http://www.fitchratings.com).



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