



# NAC IncomeChoice® 10

## Annuity Disclosure Statement

Thank you for your interest in the NAC IncomeChoice® 10 Annuity from North American Company for Life and Health Insurance®. It is important for you to read and understand this summary before you decide to purchase the annuity. This summary will help you understand the features of the annuity and determine if it will help you meet your financial goals. Once you have read this summary, please sign pages 8 and 10 to confirm that you understand the annuity and submit this document with your application for the annuity. *Refer to the Contract for complete details.*

**This Annuity Disclosure Statement must be signed by the applicant and agent, then return the Home Office copy to North American Company for Life and Health Insurance, Annuity Service Center, with the application.**

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For the state of:  
**North Carolina**

The NAC IncomeChoice® 10 is issued in North Carolina on form NA1004A32 (contract), NA1004A-END, AE590A, LR431A, AE589A, AE556A, AE557A, AE594A, LR433A, LR424A-1 and LR432A (riders/endorsements) by North American Company for Life and Health Insurance®, West Des Moines, IA.

The NAC IncomeChoice 10 is a flexible premium deferred fixed index annuity from North American Company for Life and Health Insurance which offers lifetime income through Lifetime Payment Amounts (LPA). The NAC IncomeChoice 10 accumulates interest in the following ways: A) based on the change in the Index Account during each contract year, without the risk of losing premium due to market volatility, and/or B) a traditional Fixed Account. Those individuals who intend to take withdrawals prior to utilizing the Guaranteed Lifetime Withdrawal Benefit (GLWB) may not receive full benefit of the (GLWB) feature.

### **Fixed Account**

The portion of premium allocated to this account will earn the current Fixed Account interest rate. This rate will be guaranteed for the first contract year and the rate for future contract years will be declared annually thereafter at the Company's discretion. This rate will never fall below the Minimum Guaranteed Fixed Account Interest Rate of 0.25%. *Ask your sales representative for the current interest rate.*

### **Index Account**

The Index Account is the portion of your premium that you determine will earn interest based on one or more of the following crediting methods:

- Monthly Point-to-Point Crediting Method with Index Cap Rate
- Annual Point-to-Point Crediting Method with Index Cap Rate
- Annual Point-to-Point Crediting Method with Participation Rate
- Annual Point-to-Point Crediting Method with Index Margin
- Annual Point-to-Point Crediting Method with Threshold Participation Rate
- Two-Year Point-to-Point (also known as Term Point-to-Point) with Index Margin

*Please see the NAC IncomeChoice 10 product brochure for specific details regarding these crediting methods.*

*Ask your sales representative for the current Index Cap Rates, Index Margins, and Participation Rates, including the Base and Enhanced Participation Rate and the Index Return Threshold.*

### **Threshold Participation Strategy**

The Threshold Participation Strategy (or Annual Point-to-Point with Threshold Participation Rate) may credit interest using both a Base Participation Rate and an Enhanced Participation Rate. The index-linked gain is compared to the declared Index Return Threshold. If the gain is less than or equal to the Index Return Threshold, the Base Participation Rate is applied to determine the interest credited. 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 Index Return Threshold and the Enhanced Participation Rate is applied to the portion of the gain that exceeds the Index Return Threshold. The Index Return Threshold, the Base Participation Rate, and the Enhanced Participation Rate are each declared annually at the Company's discretion. Each of these rates is guaranteed for the first contract year and declared annually thereafter at the Company's discretion, never to be less than 5% for the Base Participation Rate and 10% for the Enhanced Participation Rate. At no time will the Index Return Threshold be set higher than the Maximum Index Return Threshold of 10%.

### **Index Cap Rate**

The Index Cap Rate is an upper limit used to determine Interest Credits. The Index Cap Rate applies to the Annual Point-to-Point and Monthly Point-to-Point Index Account options. It will always be declared on the Contract Anniversary by the Company at their discretion and is guaranteed for the following contract year. This cap may change annually. However, at no time will this cap ever fall below the minimum guarantees which are: 0.50% for the Annual Point-to-Point with Cap Index Account and 0.25% for Monthly Point-to-Point with Cap Index Account.

### **Participation Rate**

The Participation Rate is the percentage of any index gain that will be credited to the Contract as the Interest Credit to the Annual Point-to-Point Index Account. The rate is guaranteed for the first year and declared annually thereafter at the Company's discretion, never to be less than 5% for Annual Point-to-Point with Participation Rate Index Account.

### **Index Margin**

The Index Margin is subtracted from any index gain to determine any Interest Credit. For the Annual Point-to-Point Index Margin Index Account, the Index Margin is subtracted on each contract anniversary. It is guaranteed for the first year and declared annually thereafter at the Company's discretion. For the Two-Year Point-to-Point with Index Margin Index Account, the Index Margin is multiplied by two (which is the term length) and then subtracted at the end of the two-year term. It is declared at the beginning of and guaranteed for each two-year term. The maximum Index Margin is 15% for the Annual Point-to-Point with Index Margin Index Account and the Two-Year Point-to-Point with Index Margin Index Account.

### **Payment of Commission**

North American will pay a sales commission in connection with the sale of this product. This commission is one of many costs which North American considers and factors into the product's design and policy performance, including setting the guaranteed rates in the Contract and the manner in which non-guaranteed benefits may be offered. One-hundred percent of your premium deposit will be credited to your account, and no deductions from your premium payment or from your account value will be made due to the payment of this sales commission.

North American may enter into written sales agreements with other financial institutions ("selling firms") for the sale of the Contract. The selling firms and their representatives are independent of North American. In this case, the selling firms are responsible for evaluating product proposals or recommendations independently and for exercising independent judgment about these proposals. North American pays selling firms all or a portion of the commissions received for their sales of the Contract.

**SURRENDER CHARGES AND INTEREST ADJUSTMENT**

Please read the following information and sign the last page of this disclosure to acknowledge your understanding that Surrender Charges and Interest Adjustments will apply when withdrawals are taken from your Contract during the Surrender Charge Period.

**Surrender Charges**

A Surrender Charge is assessed on any amount withdrawn, whether as a partial withdrawal or full surrender, that is in excess of the applicable penalty-free amount. Surrenders and Surrender Charges assessed will have a negative impact on future lifetime income. A surrender during the Surrender Charge period may result in a loss of premium.

**The Surrender Charges that apply for each Contract Year are based on the state where your Contract is issued and are shown as follows:**

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
10%	10%	10%	10%	10%	9%	8%	6%	4%	2%

Surrender charges allow the Company to invest long-term, and in turn, generally credit higher yields.

Surrender charges and Interest Adjustments on IRS-Required Minimum Distributions that exceed the 5% penalty-free amount are waived by current company practice\*.

*\*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.*

**Interest Adjustment (also known as Market Value Adjustment)**

The NAC IncomeChoice 10 includes an Interest Adjustment that is applied only during the Surrender Charge period to full surrenders and to any partial surrender in excess of the applicable penalty-free partial surrender amount. This adjustment may decrease or increase the Surrender Value or the amount of a partial surrender depending on the change in interest rates during the period since you purchased this annuity.

**Example of Interest Adjustment (Market Value Adjustment-MVA) Formula**

The Interest Adjustment will be calculated by multiplying the portion of any full or partial surrender that exceeds any available penalty-free withdrawal amount before the reduction for any Surrender Charge by the formula\* described below.

\*The Interest Adjustment Factor is:  $(i_0 - i_t - ADJ) \times (T)$

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$i_0$  = The current interest rate when the contract was issued.  
 $i_t$  = The current interest rate offered for new contracts at time of the partial or full surrender.  
 ADJ = 0.005

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The amount of the Interest Adjustment will never exceed the lesser of a) the total interest credited to the Accumulation Value since issue, less the sum of the absolute values of all Interest Adjustments on prior partial surrenders (i.e. all adjustments positive or negative added together), or b) the applicable Surrender Charge.

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T = Time in years as follows: number of days from the date of the partial or full surrender to the end of the current contract year divided by 365; plus whole number of years remaining in the market value adjustment period.

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Lower interest rates at time of issue may result in less opportunity for a positive Interest Adjustment in future contract years. In certain rate scenarios at the time of issue, it may not be possible to experience a positive Interest Adjustment.  
 See the "Understanding the Market Value Adjustment" brochure for more information.

## Accumulation Value

Your Accumulation Value is equal to 100% of premium, plus any fixed and index account interest earned, minus withdrawals. The Accumulation Value is used to determine the Death Benefit as well as penalty-free withdrawals.

## Surrender Value

The Surrender Value is the amount that is available at the time of surrender. The Surrender Value is equal to the Accumulation Value, subject to the Interest Adjustment (if any), less applicable Surrender Charges and state premium taxes where applicable. The Surrender Value will never be less than the minimum requirements set forth by state laws, at the time of issue, in the state where the Contract is issued.

## GUARANTEED LIFETIME WITHDRAWAL BENEFIT (GLWB) FEATURE

Please read the following information and sign the last page of this disclosure to acknowledge your understanding of purchasing this annuity product with the purpose of generating a lifetime income sometime in the future.

### What is the Guaranteed Lifetime Withdrawal Benefit (GLWB)?

The Guaranteed Lifetime Withdrawal Benefit feature provides you with a way to receive income payments for life without incurring a Surrender Charge or Interest Adjustment. This feature can provide you with a guaranteed lifetime income stream called a Lifetime Payment Amount (LPA). The LPA is an annual payment amount based on your age, your current GLWB Value, and LPA option elected at the time you elect to begin lifetime income.

When income is started by initiating the GLWB feature, you may modify, start, and stop LPAs. This is different from electing an annuity payout option under your Contract, which does not provide the same income flexibility. If you elect an annuity payout option, the GLWB feature is no longer available to you.

Once elected, the LPA is available even if your annuity's Accumulation Value and GLWB Value are later reduced to zero, provided no excess withdrawals are taken. You will need to notify us in writing to begin LPAs.

If you elect the level LPA option, your LPA will not increase. If you elect the increasing LPA option, your LPA may increase each year based on the weighted average percentage change in the fixed and indexed accounts.

The Lifetime Payment Amount may be reduced if total partial surrenders (including penalty-free withdrawals) during a contract year exceed the GLWB Value Partial Surrender Allowance.

By current company practice\*, if you are taking LPAs and the Required Minimum Distribution (RMD) for this Contract exceeds your LPA, we will allow withdrawal of the RMD without reducing your LPA.

*\*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.*

### Will I be taxed on income payments?

Please see your tax advisor. Under current tax law, income payments from this GLWB feature may be taxed as ordinary income. Additionally, if taken prior to 59½, income payments may be subject to 10% IRS penalty tax.

## What is the GLWB Value?

The GLWB Value is only used as the basis for calculating your Lifetime Payment Amount (LPA). It is not part of your annuity's Accumulation Value or a Death Benefit, and is only used to calculate the income available to you if you use the GLWB feature. This value cannot be taken as a surrender. Your initial GLWB Value is the initial premium plus any applicable GLWB Bonus. This value is increased by the GLWB Stacking Roll Up Credits described below, as well as subsequent premiums and applicable GLWB Bonus. Please note that all withdrawals (including LPAs) will reduce both your Accumulation Value and your GLWB Value.

### GLWB Bonus

During the first five contract years, a 2% GLWB Bonus Percentage will be applied to all premiums received and will increase the GLWB Value. The GLWB Bonus does not apply to the Accumulation Value, it is only applied to the GLWB Value.

### GLWB Stacking Roll-Up Credit

A 1.50% GLWB Stacking Roll-Up Credit may be added to the GLWB Value on each Contract Anniversary during the first 20 contract years. The GLWB Stacking Roll-Up credits compound annually. On each Contract Anniversary during the first 20 contract years, the current GLWB Value may be increased by 1.50% of the GLWB Value plus 150% of the dollar amount of any interest credited (either Fixed or Index Interest Credits) to the Accumulation Value. In contract years when a withdrawal is taken, no GLWB Stacking Roll-Up Credit will apply, unless the withdrawal is used to satisfy a Required Minimum Distribution (RMD). This credit ends once you elect to begin receiving LPAs.

### What happens to my GLWB should I die?

Your GLWB Value is not paid out as a Death Benefit.

### Individual Annuitant

Upon the death of an individual annuitant, the GLWB feature will terminate. If the annuitant is the contract owner and the spouse is the sole beneficiary, the Contract may be continued under a Spousal Continuation provision, if applicable.

### Joint Annuitants

Upon the death of the first joint annuitant, the GLWB will continue when the Contract continues and there will be no change to the Lifetime Payment Amount. Upon the death of the second joint annuitant, the GLWB will terminate.

## Death Benefit

The Death Benefit is payable upon the death of the first owner, unless the sole beneficiary is the owner's spouse and he or she elects to continue this Contract under its spousal continuance provisions. If there are joint annuitants, and an annuitant who is not also the contract's owner dies, the death benefit will be paid upon the death of the second annuitant.

The Death Benefit equals the Accumulation Value plus potential interest credits for the partial contract year as of the date of death. The calculation of the death benefit will vary depending on the Index Accounts to which the Accumulation Value is allocated at the time of death. The beneficiary may choose to receive the Death Benefit in either a lump sum or a series of income payments.

A death benefit is not available if an annuity payout option has been elected.

NOTE: The GLWB bonus is not applicable to the Accumulation Value, so it is not included in the Death Benefit. The GLWB Value is not available as a death benefit.

## Subsequent Premiums

All subsequent premiums will be credited a fixed interest rate until the next Contract Anniversary. This interest rate will be declared at the time the subsequent premium is received. On each Contract Anniversary, North American will allocate any premium received since the prior Contract Anniversary according to your most recent instructions. Subsequent premiums added during the first five contract years will receive a GLWB Bonus which will be added to the GLWB Value.

## Transfer Options

You may elect to transfer your values between the Fixed Account and Index Account options. You may also elect to transfer between crediting methods within the Index Account options on an annual basis for all annual crediting method options or at the end of each two-year term for the two-year crediting method. By current company practice\*, you will have 30 days following each contract anniversary to reallocate. Transfers are not allowed until your first contract anniversary. Based on current tax laws, transfers between options will not be taxable or subject to surrender penalties. *Please refer to your NAC IncomeChoice 10 Additional Benefits Specifications Page, found in your Contract, for minimum transfer amounts.*

## Additional Information

The NAC IncomeChoice 10 is not a registered security and does not directly participate in stock or equity investments. Applicable index returns do not include dividends. Past index performance is not intended to predict future performance. 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 retirement account. If purchasing this annuity as a qualified retirement account you should consider whether other features, such as the GLWB future income, death benefits, lifetime annuity payments and other riders will help meet your needs. Before purchasing this Contract you should obtain competent advice as to tax treatment of the Contract. Neither North American, nor any agents acting on its behalf in the sale of this product, should be viewed as providing legal, tax or securities advice.

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## LIQUIDITY FEATURES

Certain withdrawals before age 59½ may be subject to a 10% IRS penalty. Exercising the penalty-free withdrawals or annuity payout options explained below will impact future income payments of the Guaranteed Lifetime Withdrawal Benefit feature.

### Penalty-Free Withdrawals

Once per year after the first Contract Anniversary, you may take up to 5% of your Accumulation Value as a penalty-free withdrawal (also known as a Penalty-Free Partial Surrender), without Surrender Charges or Interest Adjustment. Any withdrawal will result in a reduction of your Accumulation Value and GLWB Value. Please review the GLWB section for details on how the penalty-free withdrawals may impact your income payments.

### Nursing Home Confinement Waiver

After the first Contract Anniversary, if the annuitant becomes confined to a qualified nursing home facility for at least 90 consecutive days, we will increase the penalty-free withdrawal amount to 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.

### Required Minimum Distributions

By current company practice\*, Required Minimum Distributions (RMD) that exceed the 5% penalty-free amount may be withdrawn without a Surrender Charge or Interest Adjustment.

### Annuity Payout Options

You may select an annuity payout option at any time. If selected during the Surrender Charge period, your payout will be based on the Surrender Value. Available payout options include Life Income, Life Income with Period Certain, Joint and Survivor Life Income and Income for a Specified Period or Amount.

By current company practice\*, you may receive an income from the Accumulation Value after the first contract year (without Surrender Charges or Interest 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 five year period

Once a payout option is elected it cannot be changed and all other rights and benefits under the annuity end. The GLWB feature of this annuity will terminate upon electing an annuity payout option.

*\*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.*

The following are example calculations when withdrawals are taken, demonstrating the impact of withdrawals on the Accumulation Value (AV), Guarantee Lifetime Withdrawal Benefit (GLWB) Values, and Lifetime Payment Amount (LPA) (Note: The following examples are hypothetical examples and are not intended to predict or project actual contract values.)

<b>Example #1 Impact of Penalty-Free Withdrawal (WD) Prior to Lifetime Payment Election Date (LPED)</b>
<b>Beginning Values</b>
Assume an Accumulation Value (AV) of \$100,000 and a Guaranteed Lifetime Withdrawal Benefit (GLWB) Value of \$150,000
<b>Withdrawal Details</b>
A penalty-free withdrawal (WD) equal to 5% of the AV (\$5,000) is taken. A penalty-free WD prior to the LPED will reduce the GLWB Value by the same percentage that the AV was reduced by that WD. In this example, this means the GLWB Value will be reduced by 5%. $5\% \text{ of the GLWB Value} = 5\% \times \$150,000 = \$7,500$
<b>Ending Values</b>
AV after WD = $\$100,000 - \$5,000 = \$95,000$ GLWB Value after pro-rata reduction for WD = $\$150,000 - \$7,500 = \$142,500$ Note that the GLWB Value was reduced by more than the dollar amount of the WD from the AV.
<b>Example #2 Impact of Withdrawals (WD) in Excess of Penalty-Free Withdrawal Prior to Lifetime Payment Election Date (LPED)</b>
<b>Beginning Values</b>
Assume an Accumulation Value (AV) of \$100,000 and a Guaranteed Lifetime Withdrawal Benefit (GLWB) Value of \$150,000
<b>Withdrawal Details</b>
A Withdrawal (WD) in excess of the penalty-free withdrawal WD amount is taken. The WD amount is \$10,000, or 10% of the AV. A WD prior to the LPED will reduce the GLWB Value by the same percentage that the AV was reduced by that WD. In this example, this means the GLWB Value will be reduced by 10%. $10\% \text{ of the GLWB Value} = 10\% \times \$150,000 = \$15,000$
<b>Ending Values</b>
AV after WD = $\$100,000 - \$10,000 = \$90,000$ GLWB Value after pro-rata reduction for WD = $\$150,000 - \$15,000 = \$135,000$ Note that the GLWB Value was reduced by more than the dollar amount of the WD from the AV.
<b>Example #3 Impact of Withdrawal (WD) in Excess of Lifetime Payment Amount after Lifetime Payment Election Date (LPED)</b>
<b>Beginning Values</b>
Assume an Accumulation Value (AV) of \$100,000; a Guaranteed Lifetime Withdrawal Benefit (GLWB) Value of \$150,000; a LPA of \$7,500; and a Lifetime Payment Percentage of 5.00%
<b>Withdrawal Details</b>
A Withdrawal (WD) in excess of the LPA is taken. The total WD amount is \$16,750. A WD after the LPED that is in excess of the LPA will reduce the GLWB Value by the same percentage that the AV was reduced by the excess WD. A WD after the LPED that is in excess of the LPA may also reset the LPA. In this example, the excess WD is $\$16,750 - \$7,500 = \$9,250$
<b>Ending Values</b>
AV after LPA = $\$100,000 - \$7,500 = \$92,500$ The excess WD of \$9,250 is 10% ( $\$9,250 / \$92,500$ ) of the remaining AV, after the LPA is deducted but prior to the excess WD being deducted. AV after excess WD = $\$92,500 - \$9,250 = \$83,250$ GLWB Value after LPA = $\$150,000 - \$7,500 = \$142,500$ The remaining GLWB Value will then be reduced by the same percentage the excess WD reduced the AV. In this example, this means the remaining GLWB Value will be reduced by 10%. $10\% \text{ of the GLWB Value (after the LPA)} = 10\% \times \$142,500 = \$14,250$ GLWB Value after pro-rata reduction for the excess WD = $\$142,500 - \$14,250 = \$128,250$ Note that the GLWB Value was reduced by more than the dollar amount of the excess WD from the AV. The LPA may also be reset as a result of the excess WD. The LPA is reset to equal the lesser of (1) the LPA before the excess WD or (2) the Lifetime Payment Percentage multiplied by the greater of (a) the AV after the WD or (b) the GLWB after the WD. (1) is the LPA before the excess WD = \$7,500 (2) is \$6,412.50, which is the greater of (a), which is Lifetime Payment Percentage (5%) multiplied by the AV after the excess WD ( $\$83,250$ ) = \$4,162.50 or (b), which is Lifetime Payment Percentage (5%) multiplied by the GLWB Value after the excess WD ( $\$128,250$ ) = \$6,412.50 LPA is reset to the lesser of (1) and (2); in this case, LPA is reduced from \$7,500 to \$6,412.50.

**Example #4 Impact of an Excess Withdrawal (WD) after the Lifetime Payment Election Date (LPED) and when Accumulation Value (AV) is near Zero**

**Beginning Values**

Assume an Accumulation Value (AV) of \$10,000 and a Guaranteed Lifetime Withdrawal Benefit (GLWB) Value of \$60,000 and a Lifetime Payment Amount (LPA) of \$5,000 and a Lifetime Payment Percentage of 5.00%

**Withdrawal Details**

A withdrawal (WD) in excess of the LPA is taken. The total WD amount is \$9,000.

A WD after the LPED that is in excess of the LPA will reduce the GLWB Value by the same percentage that the AV was reduced by the excess WD.

A WD after the LPED that is in excess of the LPA may also reset the LPA.

In this example, the excess WD is  $\$9,000 - \$5,000 = \$4,000$

**Ending Values**

AV after LPA =  $\$10,000 - \$5,000 = \$5,000$

The excess WD of \$4,000 is 80% ( $\$4,000 / \$5,000$ ) of the remaining AV, after the LPA is deducted but prior to the excess WD being deducted.

AV after excess WD =  $\$5,000 - \$4,000 = \$1,000$

GLWB Value after LPA =  $\$60,000 - \$5,000 = \$55,000$

The remaining GLWB Value will then be reduced by the same percentage the excess WD reduced the AV. In this example, this means the remaining GLWB Value will be reduced by 80%. 80% of the GLWB Value (after the LPA) =  $80\% \times 55,000 = \$44,000$

GLWB Value after pro-rata reduction for the excess WD =  $\$55,000 - \$44,000 = \$11,000$

Note that the GLWB Value was reduced by more than the dollar amount of the excess WD from the AV.

The LPA may also be reset as a result of the excess WD. The LPA is reset to equal the lesser of (1) the LPA before the excess WD or (2) the Lifetime Payment Percentage multiplied by the greater of (a) the AV after the WD or (b) the GLWB after the WD.

(1) is the LPA before the excess WD = \$5,000

(2) is \$550, which is the greater of

(a), which is Lifetime Payment Percentage (5%) multiplied by the AV after the excess WD ( $\$5,000$ ) = \$250 or

(b), which is Lifetime Payment Percentage (5%) multiplied by the GLWB Value after the excess WD ( $\$11,000$ ) = \$550

LPA is reset to the lesser of (1) and (2); in this case, LPA is reduced from \$5,000 to \$550.

**NAC IncomeChoice 10 Applicant Authorization and Acknowledgement Statements:**

By initialing and signing below, I certify that:

- I have read this Annuity Disclosure and have been provided a brochure that explains the Annuity Product's benefits, features and limitations.
- The features of this Annuity Product have been explained to me by the Agent.
- I understand that this Contract is not effective and interest does not begin to accrue until the date the annuity becomes effective, not the date premium is submitted or received by the Company.
- I understand my agent will receive a commission for the sale of this Contract.
- I understand I should consult my tax advisor about possible tax implications related to the purchase of this Contract and its features.

**My initials confirm that:**

Owner(s) Initials  
REQUIRED  
in Box Above

- **The NAC IncomeChoice 10 annuity is a long-term contract and a Surrender Charge up to 10% as well as an Interest Adjustment (if applicable in my state) will apply during the 10-year Surrender Charge Period to any full surrender or any partial surrender taken that exceeds the penalty-free partial surrender amount.**
- **I have reviewed page 3 of this Disclosure and affirmatively acknowledge the Surrender Charges and Interest Adjustment Formula applicable based on the state of issue.**
- **I understand a surrender during the Surrender Charge Period may result in loss of premium.**

**GLWB BENEFIT FEATURE ACKNOWLEDGEMENT:**

- I understand the following about the GLWB Benefit feature:
    - That exercising any liquidity features, such as partial withdrawals or surrenders, including a withdrawal as result of a divorce settlement or decree, will reduce the GLWB Value and adversely impact future income.
- GLWB Bonus and the GLWB Stacking Roll-Up Credit do not apply to the following:**
- The annuity's Accumulation Value
  - The Contract's Death Benefit
- GLWB Stacking Roll-Up Credit does not apply to the following:**
- Years in which a withdrawal is taken (except RMDs)
  - Years after you elect Lifetime Payments
  - Years after the 20th Contract anniversary, even if you have not elected Lifetime Payments

At this time, I plan to begin using the GLWB income feature of this product within **(Please check one of the following):**

0-5 years \_\_\_ 6-10 years \_\_\_ 10 + years \_\_\_ Unknown \_\_\_

**Please mark an "X" in the box to the left if your agent provided you with a North American illustration for the NAC IncomeChoice 10. By checking this box an illustration will also be provided along with the issued annuity contract.**

**Applicant:** I am aware that an Annuity Buyer's Guide is available on the Company website. I understand that any values shown, other than the guaranteed minimum values, are not guarantees, promises, or warranties. I have reviewed the features and understand the intent of this Annuity Product and agree that it meets my needs. I have assessed my financial situation, including cash for living and other related expenses, and this Contract is suitable for my financial needs.

\_\_\_\_\_  
Annuitant's/Owner's Original Signature

\_\_\_\_\_  
Joint Owner's Original Signature

\_\_\_\_\_  
Date Signed (mm/dd/yyyy)

**Agent Acknowledgement:** By signing below, I certify that the product brochure and Company disclosure materials have been presented to the applicant. A copy of this signed disclosure was provided to the applicant after an examination of the interests of the applicant and an assessment of the stated goals of the applicant. I have provided or directed the applicant to the Annuity Buyer's Guide on the Company website. I certify that I believe this product to be appropriate for the applicant based on his or her individual needs. I have discussed this product with the applicant and have not made any statements which contradict the materials provided to the applicant. I have not made any promises or given any assurances about the future value of any non-guaranteed elements.

\_\_\_\_\_  
Agent's Original Signature

\_\_\_\_\_  
Date Signed (mm/dd/yyyy)



242201

Not FDIC/NCUA Insured	Not A Deposit Of A Bank	Not Bank Guaranteed
May Lose Value	Not Insured By Any Federal Government Agency	



**This page left intentionally blank.  
Please see pages 8 and 10 for acknowledgement, election and signatures.**

**Agent Instructions: Page 8 and 10 must both be signed.**

Return page 10 to the Home Office with the Applicant's original signature.  
Retain a permanent copy in your file. Leave pages 1-8 with signatures with the Applicant.

**NAC IncomeChoice 10 Applicant Authorization and Acknowledgement Statements:**

By initialing and signing below, I certify that:

- I have read this Annuity Disclosure and have been provided a brochure that explains the Annuity Product's benefits, features and limitations.
- The features of this Annuity Product have been explained to me by the Agent.
- I understand that this Contract is not effective and interest does not begin to accrue until the date the annuity becomes effective, not the date premium is submitted or received by the Company.
- I understand my agent will receive a commission for the sale of this Contract.
- I understand I should consult my tax advisor about possible tax implications related to the purchase of this Contract and its features.

**My initials confirm that:**

Owner(s) Initials  
REQUIRED  
in Box Above

- **The NAC IncomeChoice 10 annuity is a long-term contract and a Surrender Charge up to 10% as well as an Interest Adjustment (if applicable in my state) will apply during the 10-year Surrender Charge Period to any full surrender or any partial surrender taken that exceeds the penalty-free partial surrender amount.**
- **I have reviewed page 3 of this Disclosure and affirmatively acknowledge the Surrender Charges and Interest Adjustment Formula applicable based on the state of issue.**
- **I understand a surrender during the Surrender Charge Period may result in loss of premium.**

**GLWB BENEFIT FEATURE ACKNOWLEDGEMENT:**

- I understand the following about the GLWB Benefit feature:
    - That exercising any liquidity features, such as partial withdrawals or surrenders, including a withdrawal as result of a divorce settlement or decree, will reduce the GLWB Value and adversely impact future income.
- GLWB Bonus and the GLWB Stacking Roll-Up Credit do not apply to the following:**
- The annuity's Accumulation Value
  - The Contract's Death Benefit
- GLWB Stacking Roll-Up Credit does not apply to the following:**
- Years in which a withdrawal is taken (except RMDs)
  - Years after you elect Lifetime Payments
  - Years after the 20th Contract anniversary, even if you have not elected Lifetime Payments

At this time, I plan to begin using the GLWB income feature of this product within **(Please check one of the following):**

0-5 years \_\_\_ 6-10 years \_\_\_ 10 + years \_\_\_ Unknown \_\_\_

**Please mark an "X" in the box to the left if your agent provided you with a North American illustration for the NAC IncomeChoice 10. By checking this box an illustration will also be provided along with the issued annuity contract.**

**Applicant:** I am aware that an Annuity Buyer's Guide is available on the Company website. I understand that any values shown, other than the guaranteed minimum values, are not guarantees, promises, or warranties. I have reviewed the features and understand the intent of this Annuity Product and agree that it meets my needs. I have assessed my financial situation, including cash for living and other related expenses, and this Contract is suitable for my financial needs.

\_\_\_\_\_  
Annuitant's/Owner's Original Signature

\_\_\_\_\_  
Joint Owner's Original Signature

\_\_\_\_\_  
Date Signed (mm/dd/yyyy)

**Agent Acknowledgement:** By signing below, I certify that the product brochure and Company disclosure materials have been presented to the applicant. A copy of this signed disclosure was provided to the applicant after an examination of the interests of the applicant and an assessment of the stated goals of the applicant. I have provided or directed the applicant to the Annuity Buyer's Guide on the Company website. I certify that I believe this product to be appropriate for the applicant based on his or her individual needs. I have discussed this product with the applicant and have not made any statements which contradict the materials provided to the applicant. I have not made any promises or given any assurances about the future value of any non-guaranteed elements.

\_\_\_\_\_  
Agent's Original Signature

\_\_\_\_\_  
Date Signed (mm/dd/yyyy)



242201

Not FDIC/NCUA Insured	Not A Deposit Of A Bank	Not Bank Guaranteed
May Lose Value	Not Insured By Any Federal Government Agency	



## **Index disclosure supplement:**

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

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

(Please see your annuity disclosure for details.)

Thank you for considering a fixed index annuity from North American Company for Life and Health Insurance®. Upon issue, this is an annuity Contract between you and North American. It is an insurance Contract filed with the state insurance department. Therefore, this Contract is governed by state insurance laws and your state insurance department.

A North American fixed index annuity Contract offers you flexibility to choose how to allocate your premiums to determine the manner in which your Contract will earn interest. You may earn interest credits by linking to an external index and by selecting from our various interest crediting methods or by allocating your premium to the fixed account. North American annuity products offer you, the customer, flexibility and choice in determining how you wish to have your Contract premiums allocated. If you elect to place your premium in the index account, your interest credit will never be less than zero. If you elect to place your premium in the fixed account, a declared rate of interest will be credited each year.

A North American fixed index annuity contains a minimum guaranteed interest rate, backed by the financial strength of North American. The fixed account minimum guaranteed interest rate is set at issue and guaranteed for the entire term of the Contract.

If you elect to link your premiums and credited interest to an external index, your premiums are never invested directly in the external index. The investment performance of the external index that your premiums are linked to does not pass through to you as a security investment does. If it is a stock-based index you do not receive dividends. By linking to an external index you merely select the manner used to measure what your credited interest will be. You ultimately decide how to allocate your premiums and decide how interest credits to your Contract will be calculated. It is critical you understand how the components of your fixed index annuity work. There are two main aspects that factor in to determining the interest credits, the index account (crediting method) option and the index itself.

**S&P 500® Low Volatility Daily Risk Control 5% – Ask your sales representative for availability in your state.**

The S&P 500 Low Volatility Index is a separate index, which measures performance of the 100 least volatile stocks in the S&P 500. The S&P 500 Low Volatility Daily Risk Control 5% Index strives to create stable performance through managing volatility to a 5% target (i.e. risk control) on the S&P 500 Low Volatility Index. The S&P 500 Low Volatility Daily Risk Control 5% Index adds an element of risk control by allocating between stocks, as represented by the S&P 500 Low Volatility Index, and cash. Because this index is managed to a volatility target, the index performance will not match the underlying performance of the S&P 500 Low Volatility Index (typically the volatility control tends to reduce the rate of negative performance and positive performance of the underlying S&P 500 Low Volatility Index – thus creating more stabilized performance).

We reserve the right to add, remove or revise availability of the S&P 500 Low Volatility Daily Risk Control 5% index, or to substitute a different published benchmark should the Company, in its discretion, determine that the use of either index no longer is commercially reasonable. The S&P 500 Low Volatility Daily Risk Control 5% index does not constitute a purchase of or direct investment in the index, or in the underlying components of the index. All references to S&P 500 Low Volatility Daily Risk Control 5% index values are used with the permission of S&P Dow Jones Indices and have been provided for informational purposes only. S&P Dow Jones Indices accepts no liability or responsibility for the accuracy of the prices or the underlying components to which the prices may be referenced.



**S&P 500® Low Volatility Daily Risk Control 8%** – *Ask your sales representative for availability in your state.*

The S&P 500 Low Volatility Index is a separate index which measures performance of the 100 least volatile stocks in the S&P 500. The S&P 500 Low Volatility Daily Risk Control 8% Index strives to create stable performance through managing volatility to an 8% target (i.e. risk control) on the S&P 500 Low Volatility Index. The S&P 500 Low Volatility Daily Risk Control 8% Index adds an element of risk control by allocating between stocks, as represented by the S&P 500 Low Volatility Index, and cash. Because this index is managed to a volatility target, the index performance will not match the underlying performance of the S&P 500 Low Volatility Index (typically the volatility control tends to reduce the rate of negative performance and positive performance of the underlying S&P 500 Low Volatility Index – thus creating more stabilized performance).

We reserve the right to add, remove or revise availability of the S&P 500 Low Volatility Daily Risk Control 8% index, or to substitute a different published benchmark should the Company, in its discretion, determine that the use of either index no longer is commercially reasonable. The S&P 500 Low Volatility Daily Risk Control 8% index does not constitute a purchase of or direct investment in the index, or in the underlying components of the index. All references to S&P 500 Low Volatility Daily Risk Control 8% index values are used with the permission of S&P Dow Jones Indices and have been provided for informational purposes only. S&P Dow Jones Indices accepts no liability or responsibility for the accuracy of the prices or the underlying components to which the prices may be referenced.

**Please call 1-877-858-1364 for additional details on the S&P 500 Low Volatility Daily Risk Control 5% Index and S&P 500 Low Volatility Daily Risk Control 8% Index.**

The S&P 500 Low Volatility Daily Risk Control 5% and S&P 500 Low Volatility Daily Risk Control 8% Index values are available at the website [www.bloomberg.com](http://www.bloomberg.com) and [www.us.spindices.com](http://www.us.spindices.com) under the ticker symbol SPLV5UT for the S&P 500 Low Volatility Daily Risk Control 5% and SPLV8UT for the S&P 500 Low Volatility Daily Risk Control 8%. For complete details on the S&P 500 Low Volatility Daily Risk Control 5% Index and S&P 500 Low Volatility Daily Risk Control 8% Index, reference our product brochures.

**Additional Options**

We feel it's important to offer you several options to which you can allocate your premium. We also offer transfer options that give you the opportunity to re-allocate your accumulation value to the various fixed and index account options at the end of crediting terms. Please contact your agent or North American for additional information.

**Index Disclosure Supplement:**

**S&P 500® Low Volatility Daily Risk Control 5% Index and 8% Index**

(Please see your Annuity Disclosure for details.)

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

(Please see your annuity disclosure for details.)

Thank you for considering a fixed index annuity from North American Company for Life and Health Insurance®. Upon issue, this is an annuity Contract between you and North American. It is an insurance Contract filed with the state insurance department. Therefore, this Contract is governed by state insurance laws and your state insurance department.

A North American fixed index annuity Contract offers you flexibility to choose how to allocate your premiums to determine the manner in which your Contract will earn interest. You may earn interest credits by linking to an external index and by selecting from our various interest crediting methods or by allocating your premium to the fixed account. North American annuity products offer you, the customer, flexibility and choice in determining how you wish to have your Contract premiums allocated. If you elect to place your premium in the index account, your interest credit will never be less than zero. If you elect to place your premium in the fixed account, a declared rate of interest will be credited each year.

A North American fixed index annuity contains a minimum guaranteed interest rate, backed by the financial strength of North American. The fixed account minimum guaranteed interest rate is set at issue and guaranteed for the entire term of the Contract.

If you elect to link your premiums and credited interest to an external index, your premiums are never invested directly in the external index. The investment performance of the external index that your premiums are linked to does not pass through to you as a security investment does. If it is a stock-based index you do not receive dividends. By linking to an external index you merely select the manner used to measure what your credited interest will be. You ultimately decide how to allocate your premiums and decide how interest credits to your Contract will be calculated. It is critical you understand how the components of your fixed index annuity work. There are two main aspects that factor in to determining the interest credits, the index account (crediting method) option and the index itself.

### **S&P Multi-Asset Risk Control 5% Excess Return**

The S&P MARC 5% ER index is a multi-asset excess index that tends to create more stable returns through diversification, an excess return methodology, and by managing volatility. The index covers major asset classes which represent equities, U.S. Treasuries, gold, and cash. The index applies established rules to allocate amongst those asset classes. Because the index applies a volatility control mechanism, the range of both the positive and negative performance of the index is limited. The index is managed to create stabilized performance and limit very high positive returns and very low negative returns.

We reserve the right to add, remove or revise availability of the S&P MARC 5% ER index, or to substitute a different published benchmark should the Company, in its discretion, determine that the use of the S&P MARC 5% ER index no longer is commercially reasonable. The S&P MARC 5% ER index does not constitute a purchase of or direct investment in the index, or in the underlying components of the index. All references to S&P MARC 5% ER index values are used with the permission of S&P Dow Jones Indices and have been provided for informational purposes only. S&P Dow Jones Indices accepts no liability or responsibility for the accuracy of the prices or the underlying components to which the prices may be referenced.

### **Please call 1-877-858-1364 for additional details on the S&P Multi-Asset Risk Control 5% Excess Return Index.**

The S&P MARC 5% ER index value is available at the website [www.bloomberg.com](http://www.bloomberg.com) and [www.us.spindices.com](http://www.us.spindices.com) under the ticker symbol SPMARC5P. For complete details on the S&P Multi-Asset Risk Control 5% Excess Return Index reference our product brochures.

### **Additional Options**

We feel it's important to offer you several options to which you can allocate your premium. We also offer transfer options that give you the opportunity to re-allocate your accumulation value to the various fixed and index account options at the end of crediting terms. Please contact your agent or North American for additional information.

### **Index Disclosure Supplement:**

#### **S&P Multi-Asset Risk Control 5% Excess Return Index**

(Please see your Annuity Disclosure for details.)

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