



**American Valor<sup>SM</sup> II**  
**CLIENT LETTER OF UNDERSTANDING**  
(To be submitted with all new business)

Thank you for purchasing this flexible premium deferred annuity with multiple interest crediting strategies through Great American Life Insurance Company®. This annuity is designed for the accumulation of funds for future needs and/or retirement. Here are some of the facts about the American Valor II:

**INTEREST STRATEGIES**

The American Valor II offers two types of interest strategies to determine how your money grows:

- Declared Rate Strategy
- Indexed Strategies

You choose how much to place in each strategy at time of purchase.

**Declared Rate Strategy**

- Interest is credited daily at the Declared Interest Rate; and
- Declared Interest Rate will never be less than the Guaranteed Minimum Declared Rate, which is an effective annual rate equal to or greater than that required by state law.

**Indexed Strategies**

- Indexed Interest Rate is based on a formula linked to the S&P 500®;
- Interest is credited at the Indexed Interest Rate at the end of the strategy's term; and
- Interest for any term will *never* be negative.
- Currently available Indexed Strategies: Daily averaging and monthly averaging strategies.

**Indexed Interest Rate** = (Index Change – Index Spread) x Participation Rate, up to a Cap (if any).

**Where**

**Index Change:** The amount of change in the S&P 500 over a term. *In the current Indexed Strategies, the index change is measured using your choice of a daily averaging or monthly averaging method.*

*Averaging measures the index change by determining the percentage by which the average value of the S&P 500 (average daily value or average monthly value) exceeds the value of the S&P 500 at the beginning of the term.*

**Index Spread:** A percentage that may be subtracted from the index change when computing the Indexed Interest Rate.

**Participation Rate:** A percentage of index change applied when determining the Indexed Interest Rate.

**Cap:** The maximum change in the index used to determine the Indexed Interest Rate. *Currently available Indexed Strategies do not apply a Cap.*

*Contact your agent or Great American Life® for the current and guaranteed rates. Future Indexed Strategies could offer alternate Index Spreads, Participation Rates, Caps or Index Methods. All strategies may not be available in all states.*

**Bonus:** As an added benefit to help secure your financial future, Purchase Payments received during the first three contract years will be increased by a Purchase Payment bonus.

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**GENERAL INFORMATION**

**Strategy Application:** Terms last for a period of one year and will begin on the 6<sup>th</sup> and 20<sup>th</sup> of the month. Amounts received prior to these dates will be held until the term begins in a holding account, called the Purchase Payment Account in your contract, and credited daily at an interest rate at least equal to the Guaranteed Minimum Declared Rate.

**Selection of Interest Strategies:** You may change your selections among the available interest strategies. To do so, you must complete and submit a Strategy Selection Form at least five days prior to the end of a term. Changes for new Purchase Payments will apply upon the receipt of the request. For amounts already in the contract, changes will be applied at the end of the current term. You will receive a statement on the anniversary of your first term, detailing the amounts applied to the selected interest strategies.

**Withdrawals:** The minimum withdrawal amount is \$500. A minimum of \$5,000 must remain in your Account Value after any withdrawal. Distributions and withdrawals are subject to taxation at the time of receipt, and distribution prior to age 59½ may be subject to tax penalties and other restrictions. In addition, withdrawals from an Indexed Strategy will not be credited with Indexed Interest at the end of a term.

**Surrender Value:** The Surrender Value equals either the Account Value less any early withdrawal charges, or the Guaranteed Minimum Surrender Value, whichever is greater.

**Guaranteed Minimum Surrender Value (GMSV):** The GMSV equals 100% of the Purchase Payments, less any withdrawals, plus interest at the current GMSV Rate of 3%, less any early withdrawal charges that would apply if fully surrendered. The GMSV Rate will be equal to or greater than that required by state law.

**Early Withdrawal Charge:** Your contract has an early withdrawal charge (referred to as Surrender Charge in your contract) during the first 12 contract years. This charge applies to withdrawals, full surrenders and amounts that are annuitized during contract years one through 12, where payments are made for less than seven years. This charge does not apply to annuitizations of any duration made for Income for a Fixed Period, Not To Exceed Life Expectancy. Each month, this charge decreases by 1/12<sup>th</sup> of the difference between the rate for the current contract year and the next contract year. The early withdrawal charge will be calculated according to the following schedule:

Contract Year:	1	2	3	4	5	6	7	8	9	10	11	12	13+
Issue Age 0-57:	12%	11%	10%	9%	8%	7%	6%	5%	4%	3%	2%	1%	0%
Issue Age 58-85:	10%	9%	8%	7%	6%	5%	4%	3%	2%	1%	0%	0%	0%

**ACCESS TO FUNDS**

**Free Withdrawal Allowance:** During the first contract year, 10% of the Purchase Payments may be withdrawn without an early withdrawal charge. After the first contract year, 10% of the sum of the Account Value as of the most recent Contract Anniversary and any Purchase Payments received since, may be withdrawn without an early withdrawal charge. The sum of all previous withdrawals during the same contract year will be subtracted to determine the amount available. This free withdrawal allowance is not cumulative, and unused amounts do not carry over to the next contract year.

**Annuitization:** To receive the Account Value during the first 12 years, you must select a minimum payout period of life, seven years or the Income for a Fixed Period, Not To Exceed Life Expectancy settlement option. Otherwise, the Surrender Value will be used to calculate annuity benefit payments. After the 12th contract year, the Account Value will be used to calculate all annuity benefit payments, regardless of duration.

**Death Benefit:** The greater of the Account Value or GMSV will be paid upon the death of the owner. A spouse who is the surviving joint owner or the sole beneficiary may become the successor owner.

**Loans:** A loan endorsement is available for 403(b) and 401 contracts. Loans are subject to terms of the Loan Application and Agreement (**TSAL2798**). *Minimum loan amount: \$1,000; Minimum Surrender Value balance that must remain following a loan: \$500 plus collateral interest on all outstanding loans on the contract.*

**RECEIPT AND SIGNATURES**

These disclosures reflect some of your annuity features. For complete details and definitions, please refer to your contract. If you have any questions, please contact your agent or Great American Life Insurance Company®. My signature below indicates that I have read and acknowledge the product features mentioned on these pages.

\_\_\_\_\_  
Proposed Owner's Name (please print)

\_\_\_\_\_  
Agent's Name (please print)

\_\_\_\_\_  
Proposed Owner's Signature

\_\_\_\_\_  
Date