



Product Guide

FG Life-Choice[®]

Fixed Indexed Universal Life Insurance



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What is FG Life-Choice?

FG Life-Choice® is one of the top selling fixed indexed universal life products in the marketplace. It performs well in a number of different case design scenarios; from long-pay, moderately funded situations to short-pay, heavily-funded arrangements. The product has moderate target premiums and has no per thousand charges associated with it.

Key Product Information

✓ Issue Requirements

Issue Ages (age last birthday)	0-80
Minimum Face Amount*	\$100,000
<i>*May not decrease to less than \$50,000 after issue.</i>	

✓ Death Benefit Options

Option A - *Death benefit generally remains level at the face amount.*

Option B - *Death benefit includes the face amount plus the account value.*

✓ Underwriting Premium Classes

- *Preferred Non-tobacco (no tobacco use in the past 2 years)*
- *Non-tobacco (no tobacco use in the past 12 months)*
- *Preferred Tobacco*
- *Standard*

See underwriting guidelines in the General Underwriting Guide or refer to SalesLink for more information.

✓ Surrender Charge Period

Surrender charges begin at issue and decline to zero over the first 15 years of the policy. Surrender charges may vary in duration and amount based on underwriting class and issue age. Charges also apply to increases in the face amount.

✓ No Lapse Guarantee Period

The policy will not lapse for 15 years, if during each month of the 15 years, the premiums paid are never less than the Minimum No-Lapse Premium amount.

✓ Loan Option

Fixed Loan: *Low cost option for the first 10 years - 2% net cost.*

Preferred loans available after the 10th year - 0% net cost.

Variable Loan: ** Interest is based on the Moody's Corporate Bond Index subject to a maximum rate of 5%.*

* Subject to state availability.

PREMIUMS

FG Life-Choice allocates premium into two accounts. These accounts are the basic account and the excess account.

- Premiums paid up to the target premium are allocated to the basic account value.
- Premiums paid in a contract year that exceed target premium are allocated to the excess account value.

No-Lapse Guarantee

The policy will remain in force for 15 years if, during each month of the 15-year period, the premiums paid are never less than the *Minimum No-lapse Premium* amount increased by any outstanding loan balances and partial withdrawal values.

Reinstatement

Reinstatement is allowed within three years of policy* lapse with evidence of insurability. Upon reinstatement, premiums will be held in an open account as if they are new premiums and must wait until the next monthly allocation date for account values to be allocated into the index account.

* State variations may apply.

EXPENSES AND CHARGES

Expenses

There will be a premium expense charge deducted from each premium made to the basic and excess accounts.

- A 7.5% premium expense charge is deducted for premiums up to the annual target premium.
- A 5% premium expense charge is deducted for the portion of any premium above the annual target premium (premiums that go into the excess account value).

Monthly Deductions

Each month the company will deduct from the account value the following:

- Cost of insurance charge.
- A \$10 per month fee.
- Rider charges where applicable.

Monthly deductions will be deducted from the basic account value starting with the most recent segments. If the basic account value is insufficient to cover the monthly deduction, the excess account value will be used beginning with the most recent segments.

No additional interest will be applied to any portion of the account values which are deducted to pay monthly deductions.

Monthly Cost of Insurance

Guaranteed Cost of Insurance Charges

- Based on 2001 CSO Non-smoker or Smoker, Male or Female Table, Ultimate, attained age.

Current Cost of Insurance Charges

- Select scale.
- Rates vary by issue age and policy duration.
- Current cost of insurance rates are not guaranteed.
- Banded at \$500,000 and \$1,000,000.

DEATH BENEFIT OPTIONS

FG Life-Choice is issued with a minimum face amount of \$100,000 and offers two death benefit options. Once each year on the policy anniversary, your client may increase or decrease the face amount, so long as certain criteria are met.**

Option A – Level Death Benefit

The death benefit generally remains level for the life of the policy.

Option B – Increasing Death Benefit

The total death benefit increases as the cash value grows. The amount payable to the beneficiaries is equal to the original face amount plus the net account value in the policy.

** Refer to increase/decrease face amount section for specific requirements

INTEREST CREDITING

The account value may be allocated to a fixed interest account, indexed interest accounts, or a combination of these interest crediting options.

Fixed Interest Account:

In the fixed interest account, a rate of interest is established by Fidelity & Guaranty Life and earned on the account value. The rate of interest is guaranteed for 12 months. This rate is guaranteed to never be less than 0.25%.

Indexed Interest Account:

In this account, the interest earnings are based on the performance of an outside index. The key features are:

- Indexed-linked interest crediting options:
- S&P 500® Index One-Year Annual point-to-point with 100% Participation Rate with Cap
- S&P 500® Index One-Year Annual Point-to-Point with 140% Participation Rate with Cap
- S&P 500® Index One-year Monthly Point-to-Point

Cap rate: The maximum cap rate is set in advance of each segment's buy date and may change as each segment renews. The minimum cap guaranteed by contract varies as follows: 1.5% when the 140% participation rate is selected or 2% when 100% participation rate is selected.

Participation rate: Guaranteed to participate 100% or 140%, depending on client election, in the indexing formula in all years.

- 100% participation (in the indexing formula) for the S&P 500® One-Year Annual point-to-point with 100% Participation Rate with Cap
- 140% participation (in the indexing formula) for the S&P 500® One-Year Annual point-to-point with 140% Participation Rate with Cap
- Minimum interest rate: 0.25%

Allocations between the interest crediting accounts may be changed once every year on the account value segment anniversary with at least 30 days prior notification.

Premiums are allocated to the indexed interest accounts up to twelve times per year on the 15th of every month (or the first business day thereafter).

In advance of each segment's monthly account allocation date, Fidelity & Guaranty Life will set a cap rate for that segment and guarantee it for 12 months. As each segment renews, the cap rate may change.

When premium payments are received prior to the monthly account allocation date, they are held in a short-term interest earning account and earn a fixed interest rate daily until the next monthly account allocation date.

COVERAGE CHANGES

Option A to B:

- Requires evidence of insurability.
- Face amount decreased to equal the difference between the amount payable under Option A and the account value on the effective date of the change.
- Face amount remaining must comply with minimum face amount limits (\$50,000).
- New premium amount based on new face amount and the Option B premium rate per \$1,000 at the age of issue.

Option B to A:

- Face amount is increased to equal the amount payable under Option B on the effective date of change.
- New premium amount based on new face amount and the Option A premium rate per \$1,000 at age of issue.

Increasing the Face Amount

- May be increased after policy has been in force for one year.
- Insured's attained age is 75 or less.
- Minimum increase amount = \$25,000.
- Requires there be enough surrender value to cover the monthly deduction on the date of increase, or that payment be made to cover the amount needed.

Decreasing the Face Amount

- May be reduced after policy has been in force for three years.
- Minimum decrease amount = \$5,000.
- Face amount remaining must comply with minimum face amount limits (\$50,000).
- Surrender charge is based on original face amount.

How Indexed Interest

Crediting Works

Indexed interest crediting is based on the performance of the S&P 500® Index for the indexed allocation of the account value.

For each indexed segment account value, the index interest credit equals the ending account value (less any loans, withdrawals and charges during the year just ended) multiplied by either the index change (subject to the cap rate) or for the annual point-to-point with higher guarantee, the greater of the Guaranteed Index Return (GIR) and the participation rate multiplied by the index change (subject to the cap).

Annual Point-to-Point

The index change is determined by subtracting the prior year's index value from the current year's index value then dividing by the prior year's index value, and multiplying by the participation rate (100% or 140%), limited to the declared cap. If the index percentage change is negative, 0% will be used as the index change.

Annual Point-to-Point, with Higher Guarantee

The index change is determined by subtracting the prior year's index value from the current year's index value then dividing by the prior year's index value, then multiplying by the participation rate (100%), limited to the declared cap. The interest credited will never be less than 3.00%. The cap for this option will be lower than the cap for the annual point-to-point crediting option with the 0.25% guarantee.

Monthly Point-to-Point

The index change is determined by dividing the current month's index price by the prior month's index price, then subtracting 1. A cap is applied to each monthly gain and the monthly returns are totaled at the end of the one year period to determine interest credited. The index change will never be less than 0.25%

The resulting index change is multiplied by the segment anniversary account value to determine the index interest credit.

Index interest credit will not be credited to any portion of the index account values that are deducted to pay monthly charges or that have been withdrawn or used as collateral under a loan.

FG Life-Choice

LIQUIDITY

Surrender Charge Waiver*

No surrender charge applies to additional premium added to the account value in a policy year that exceeds target premium levels. This premium is applied to the excess account value. This provides exceptional liquidity for clients who fund the policy through a 1035 exchange or who make a lump sum premium payment.

Partial Withdrawals*

Partial withdrawals are permitted after the first policy year provided there is a surrender value. There is a \$25 charge for each partial withdrawal. These transactions are subject to surrender charges and may be taxable. The minimum partial withdrawal amount is \$500. No interest will be applied to any portion of the account value which is surrendered or withdrawn.

Policy Surrender

Should clients wish to surrender the life insurance policy, the surrender value is available to them. This is the total account value less any outstanding loans, prior withdrawals, surrenders and any surrender charges thereon. Surrenders may cause tax liability.

Loan Option*

Fixed Loan - For loans made in policy years 2 - 10, the interest charged is no greater than the declared annual interest rate plus 2%. The account value that is used as collateral to cover the loan is credited with a rate equal to the declared annual interest rate. The net cost of the loan is 2%. In policy years 11 and beyond, preferred loans are available on the surrender value that is in excess of the no-lapse premiums paid into the policy. The interest charged is equal to the declared annual interest rate. The account value that is collateralized to cover the loan is credited with a rate equal to the declared annual interest rate. The net cost of the loan is 0%.

Variable Loan** - **FG Life-Choice** stands out from many traditional indexed universal life products in that it offers a variable loan option. With a variable loan, the rate charged on the loan is based on the Published Monthly Average of the Moody Corporate Bond Index of the calendar month ending two months prior to the date the rate is determined. The maximum loan rate for **FG Life-Choice** is 5% per year. Unlike the fixed loan option, with the variable loan the cash value that is used as collateral for the loan may continue to earn interest and/or index credits in the same proportion as the unloaned portion of the total account value. As a result, your client earns interest and/or index interest credit up to the cap for that particular index crediting period. This design gives your client the ability to leverage the policy values through loans. For instance, your client may borrow at a 5% rate of interest, but the cash value used as collateral for the loan may earn 10%. In this scenario, your client has a 5% positive leverage. On the other hand, there is a possibility that your client can borrow at 5% and earn 0%, if the index doesn't perform well that index crediting period. In that scenario, the loan design costs a full 5%. Variable loans are a higher risk option that may have either a positive or negative outcome when compared to a fixed loan.

* Any withdrawal or loan will be deducted from the excess account value, provided that there is sufficient value to deduct the withdrawal. If there is not, the remaining portion of the withdrawal or loan will be deducted from the basic account value. Withdrawals made from the excess account value will be free of surrender charges. Partial withdrawals will reduce the death benefit by at least the amount of the withdrawal.

**Subject on state availability. Certain restrictions may apply.

OPTIONAL BENEFITS AND RIDERS**

Accelerated Benefit for Terminal Illness

If a physician diagnoses your client with a terminal illness that results in a life expectancy of less than 24 months, this rider can pay a benefit of up to 100% of the policy's death benefit, not to exceed \$500,000. This could help your client with unexpected medical costs not covered by traditional medical coverage, travel, or anything else. Your client's death benefit would be reduced by the benefit amount for this rider. Your client should seek advice from a tax professional before exercising this rider.

Accelerated Benefit for Critical Illness

This benefit will pay a percentage of your client's death benefit, not to exceed \$500,000, in the event your client suffers a heart attack, stroke or is diagnosed with cancer or end-stage renal failure. This could help in a variety of ways as your client focuses on their treatment. The benefit amount for this rider will be based on your client's age and severity of their illness - the policy death benefit would be reduced accordingly. Your client should seek advice from a tax professional before exercising this rider.

Waiver of Monthly Deduction Rider

This benefit waives the monthly deductions and keeps the policy in force in the event of total disability lasting longer than six months. This prevents cancellation of the policy and keeps the surrender value from being exhausted.

**Optional benefit riders may not be available in all states. All riders except the Accelerated Death Benefit, Critical Illness Benefit and Ultimate Income Rider have an additional monthly charge. Should you elect the Critical Illness Benefit or Terminal Illness Benefit an administration fee of up to \$500 may apply in some states. Consult your tax advisor before exercising benefits.

Primary Insured Term Life Insurance Rider

This rider is designed to optimize your client's death benefit at a minimum cost.

- Available to a limit of up to nine times the face on the base coverage.
- Coverage available on primary insured only.
- Minimum death benefit available is \$25,000.
- No target premium associated, therefore no first year commission paid.
- No per \$1,000 charges.
- COI charge applies.
- Minimum premium required.
- COI charges and minimum premiums will differ from base coverage.
- No surrender charges apply

Accidental Death Benefit Rider

This benefit provides an additional death benefit in the event death of the insured is the result of an accident.

Issue Limits

- Issue ages: 0-60 (age last birthday).
- Regular underwriting requirements apply. The amount of coverage cannot exceed the face amount of coverage. The total amount of accidental death benefit in effect by Fidelity & Guaranty Life may not exceed \$250,000.

Spouse Term Life Insurance Rider

This benefit provides term life insurance for the insured's legal spouse.

- Issue Ages: 18 years and above
- Coverage is available on legal spouse only.
- The rider is available at point of issue only.
- The minimum death benefit available is \$100,000.
- The maximum death benefit available is \$250,000.
- The rider benefit amount may be decreased after issue. The rider benefit amount may not be increased.
- Rider death benefit amount is to age 120. This rider allows for its own beneficiary who may vary from that of the primary insured (if so designated).
- COI charge applies.
- Minimum premium is required.
- COI charges and minimum premiums will differ from the base coverage.
- No surrender charges apply.

Child's Level Term Insurance Rider

This benefit provides level term insurance for the insured's children.

The features:

- Level term coverage for each child up to that child's 25th birthday under certain circumstances.
- Minimum rider coverage amount is \$5,000, sold in increments of \$1,000 up to a maximum coverage amount of \$10,000.
- Issue Ages: 15 days through 18 years.
- Any covered child must be the insured's natural child, stepchild, or legally adopted child.
- Children born after the rider is attached to the policy will be automatically covered, Fidelity & Guaranty Life must be notified within two years of birth for the coverage to continue on that child.
- The rider may be converted to permanent insurance by written request within the 31 days prior to the time the child ceases to be insured under the rider.
- The rider can be converted through a written request to the company prior to the child's attained age of 25.
- The face amount of the converted policy may not be less than the minimum face amount for the product converting to.
- Face amount of the new policy may be up to five times the amount of the rider without evidence of insurability.
- This rider may be added to the policy at any time.
- If the insured dies while the rider is in effect, covered children will receive a paid-up term life insurance policy to age 25 in the amount of the coverage benefit.

Ultimate Income Rider

This rider allows your clients to designate how the death benefit will be paid. Instead of a single lump sum at the insured's death, or the beneficiary choosing the payout, the owner determines how payments may be distributed, providing steady income for the beneficiaries.

Over Loan Protection Rider

This rider can prevent the life insurance policy from entering a lapse status as the result of outstanding loans that exceed the surrender value. Certain conditions must be met before the rider can be exercised, and there is a one-time administrative fee when the rider is exercised. This rider may be exercised one time during the lifetime of the life insurance policy. The Guideline Premium Test must be selected at application. Once the life insurance policy is issued, the life insurance qualification test cannot be changed.

** Optional benefit riders may not be available in all states. Riders may require additional premiums. Unless expressly provided otherwise, rider coverage only applies to the primary insured.

Product Illustrations

FG Life-Choice is an illustrated product. In all states, an illustration must be prepared and delivered with the client's signature in accordance with regulations. The illustration must provide information on coverage changes, in particular Option B to Option A, and coverage with no more than a 25% partial surrender per year. Illustration software is available on SalesLink at www.fglife.com.

Annual Statement

Each year, your client will receive a report summarizing all **FG Life-Choice** activity. The report will show the account value; the amount of any premium paid; monthly deductions; expenses and charges; interest credited; partial surrenders and any charge thereon; unpaid loans and loan interest; paid loans and loan interest; surrender value; the death benefit option, face amount and the current death benefit.

Guideline Premium Test (GPT):

The Life Insurance Qualification test used for **FG Life-Choice** is the Guideline Premium Test (GPT). This test requires that the sum of the premiums paid cannot at any time exceed the greater of the Guideline Single Premium (Maximum Single Premium) or the sum of the Guideline Level Premiums (Maximum Level Annual Premium). These limits are calculated by the Company using assumptions required by the Internal Revenue Code as amended. The Guideline Premium Test also requires that the death benefit must always be greater than or equal to the account value multiplied by a specified corridor percentage (reflected on the Information section of the policy). The applicable percentage varies by age determined as of the beginning of the policy year.

Commissions:

You have two years to collect first-year commissions. When less than target premium is paid in the first-year, the remaining target will receive the first-year commission percentage in the second year.

7. WHAT SHOULD I KNOW ABOUT FIDELITY & GUARANTY LIFE?

Incorporated in 1959, Fidelity & Guaranty Life Insurance Company has a solid commitment to serving the individuals it knows best – middle market consumers seeking the safety, protection, accumulation and income features of secure life insurance and annuity products. Fidelity & Guaranty Life offers its series of focused life insurance and annuity products through its network of independent marketing organizations. Insurance products are offered through Fidelity & Guaranty Life Insurance Company in every state, other than New York, as well as the District of Columbia. In New York, products are offered through a wholly owned subsidiary, Fidelity & Guaranty Life Insurance Company of New York.

Fidelity & Guaranty Life® is the marketing name of Fidelity & Guaranty Life Insurance Company issuing insurance in the United States outside of New York, and in NY only, Fidelity & Guaranty Life Insurance Company of New York. Each Fidelity & Guaranty Life company is solely responsible for its contractual commitments.

Contracts issued by Fidelity & Guaranty Life Insurance Company, Des Moines, IA.

Form Numbers: ICC12-LPI1060(07-12), LPI-1036(07-12), et al.

Optional provisions and riders may have limitations, restrictions and additional charges.

Subject to state availability. Certain restrictions may apply.

This document is not a legal contract. For the exact terms and conditions, please refer to the life insurance contract.

“S&P 500®” is the trademark of The McGraw-Hill Companies, Inc. and has been licensed for use by Fidelity & Guaranty Life Insurance Company. Standard & Poor’s does not sponsor, endorse, promote, or make any representation regarding the advisability of purchasing the contracts.

Surrender charges may apply to withdrawals. Withdrawals may be taxable and subject to penalties prior to age 59½.

Surrenders, withdrawals and loans will reduce available death benefit. Surrenders and withdrawals beyond basis may be taxable income. Excessive and unpaid loans will reduce policy value and may cause the policy to lapse.

Information provided regarding tax or estate planning should not be considered tax or legal advice. Consult your own tax professional or attorney regarding your unique situation.

Indexed interest rates are subject to a cap. Caps are subject to change at the discretion of Fidelity & Guaranty Life Insurance Company.

Issuance of the life insurance policy depends on answers to health questions in the application.

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