



# NORTH AMERICAN CHARTER<sup>SM</sup> 14

## FIXED INDEX ANNUITY



## NORTH AMERICAN CHARTER<sup>SM</sup> 14

The North American Charter<sup>SM</sup> 14 is a **flexible premium, fixed index annuity** that offers you the ability to apply all or a portion of your premium among two accounts: an **Index Account or a Fixed Account**. Your initial premium may be allocated to these two accounts as you wish and can be transferred between accounts once each contract anniversary for the life of your annuity.

The Charter 14 fixed index annuity is not an investment in the stock market or in the applicable indices. Rather it is a **long-term fixed annuity** that allows you to benefit from the advantages that a fixed annuity offers such as: **tax-deferral**, the potential to avoid probate, long-term growth, death benefit payout, and **income for life**. Additionally, this annuity offers an Index Account that provides enhanced growth potential without experiencing loss of premium from market loss or fluctuations with the market. If surrendered early, surrender charges may apply. Your Index Account returns are based on three distinct crediting methods, allowing an index credit to be earned based on the annual performance of the indices and crediting methods you select.

### 14-YEAR SURRENDER PERIOD | ISSUE AGES 0-65<sup>1</sup>

- A 14-year surrender charge schedule with access to the full Accumulation Value after the fourteenth contract year.
- A 10% premium bonus on all premiums received in the first seven contract years.
- The opportunity to elect a life annuity payout option based on the Accumulation Value after the first contract year or you may elect at least a 10-year annuity payout option after the fifth contract year. These annuity payout options are available by current Company practice.
- Longer Term—Ideal for people with long-term objectives looking for a premium bonus who are comfortable with 14-year surrender charge.
- Minimum guaranteed rates.
- Minimum guarantees based on state laws.

## BENEFITS OF OWNING A DEFERRED ANNUITY

### TAX-DEFERRAL

Tax-deferred growth allows your money to grow faster because you earn interest on dollars that would otherwise be paid in taxes. Your premium earns interest, the interest compounds within the Contract and the money you would have paid in taxes earns interest. This chart details the potential of a tax-deferred annuity.

### COMPANY FINANCIAL STRENGTH

All North American tax-deferred annuities are backed by the financial strength of the Company's investment portfolio, which emphasizes high-quality bonds that provide safety, liquidity and competitive interest rates. In states where these products are approved, North American maintains reserves equal to those required by state regulation.

### DEATH BENEFIT

North American will pay out, as the Death Benefit, the Accumulation Value to your beneficiary upon the death of the annuitant or an owner. Your beneficiary may choose to receive the payout in either a lump sum or a series of income payments. If joint annuitants are named, the Death Benefit will be paid on the death of the second annuitant. If joint owners are named, the Death Benefit will be paid on the death of the first owner.

### LIFETIME INCOME

North American can provide you with a guaranteed income stream with the purchase of your tax-deferred annuity. You have the ability to choose from several different annuity payout options, including life or a specified period. *See Annuity Payout Options on page 4 for complete details.*

### MAY AVOID PROBATE

By naming a beneficiary, you may minimize the delays, expense and publicity often associated with probate. Your designated beneficiary receives death proceeds in either a lump sum or a series of income payments. *Please consult with and rely on your own legal or tax advisor.*

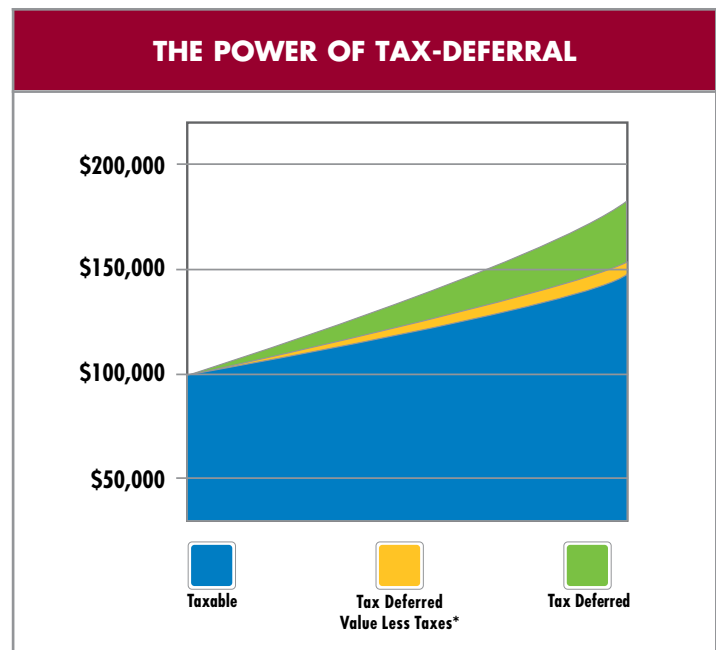


Chart is a hypothetical example of tax-deferral and assumes an initial premium of \$100,000 earning 4.00% compounded annual rate of return for 15 years. Not intended to predict or project performance. \*Tax-deferred value less taxes represents the increase in value due to tax deferral, less taxes at an assumed rate of 33% with no surrender charge or Interest Adjustment.

## JUMP START TO YOUR SAVINGS

PREMIUM BONUS <sup>2</sup>	ANNUITY PAYOUT BONUS
To get a head start on your retirement savings, North American awards you a premium bonus. The premium bonus is credited to your Contract upon issue and is applied to additional premiums in the first seven years as they are received. It is important to note that the premium bonus, as part of the full Accumulation Value is paid out upon death.	By current Company practice, if you elect an annuity payout option of at least five years any time after the fourteenth contract year, the following bonus will be added to your Accumulation Value.
<b>10%</b> on all premium payments received during first seven contract years	<b>2%</b> after the fourteenth contract year

## ACCESSING YOUR MONEY

Emergencies do arise, and access to your money is always an important concern. The Charter 14 offers a variety of liquidity features.

For additional withdrawals prior to the end of the surrender charge period, surrender charges may apply. Withdrawals will be treated as ordinary income and if taken prior to age 59½ may be subject to a 10% IRS penalty. Withdrawals from your Contract will also reduce your Accumulation Value accordingly.

### ANNUITY PAYOUT OPTIONS

Should you decide to receive an income from your annuity after the surrender charge period, you will have several annuity payout options from which to choose. Annuity payout options are a benefit of deferred annuities, but are not a requirement with the Charter 14. *Please refer to the chart on the right for annuity options available to you.*

With non-qualified plans, a portion of each income payout represents a return of premium that is not taxable, thus reducing your tax liabilities.

By current Company practice, proceeds may be converted to an annuity payment option after year one. Income payments will be based on the Accumulation Value if a Life, Life and Certain or Joint Life option is selected, or if the annuity has been in force for at least five years and payments are received over at least a ten-year period.

### INCOME OPTIONS

With the exception of Life Income options, income options are available for:

- A minimum of 5 years, or
- A maximum of 20 years.

The following options are available:

- Income for a Specified Period
- Income for a Specified Amount
- Life Income with a Period Certain
- Life Income
- Joint and Survivor Life Income

All options are available after the surrender charge period

2. Products that have premium bonuses may offer lower credited interest rates and Index Cap Rates than products that don't offer a premium bonus. Over time and under certain scenarios the amount of the premium bonus may be offset by the lower interest rates and Index Cap Rates.

## PENALTY-FREE WITHDRAWALS

The Charter 14 allows you to take a penalty-free withdrawal (also known as a Penalty-Free Partial Surrender) of up to 10% of your current Accumulation Value once each contract year after the first contract anniversary, without incurring any surrender charges or Interest Adjustment. Any amount withdrawn in excess of 10% will be assessed a surrender charge and possibly an Interest Adjustment. Surrender charges and Interest Adjustments on IRS-Required Minimum Distributions exceeding the 10% penalty-free withdrawal amount will be waived by current Company practice.

## NURSING HOME CONFINEMENT RIDER<sup>3</sup>

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 amount by 10% of the Accumulation Value each year while the annuitant is confined. This rider is only available for issue ages 75 and younger and is automatically included with your annuity at no additional charge.

## INTEREST ADJUSTMENT

The Charter 14 also includes an Interest Adjustment, which may decrease or increase your Surrender Value, depending on the change in interest rates since your annuity purchase.

Due to the mechanics of an Interest Adjustment feature, the Surrender Value generally decreases as interest rates rise. Likewise, when interest rates have decreased over a period of time, the Surrender Value generally increases. However, the Interest Adjustment is limited to the interest credited to the Accumulation Value.

This adjustment is applied only during the surrender charge period to surrenders that exceed the applicable penalty-free amount. Interest Adjustments on any portion of IRS-Required Minimum Distributions in excess of the 10% penalty-free amount are waived by current Company practice.

## SURRENDER CHARGES

Surrender charges allow the Company to invest your money on a long-term basis and credit higher yields than possible with a similar annuity of shorter term. A surrender charge is assessed on any amount withdrawn, whether as a partial or full surrender, that exceeds the penalty-free amount applicable. However, surrender charges on any portion of an IRS-Required Minimum Distribution exceeding the 10% penalty-free amount are waived by current Company practice. This table details the declining charges. Additional premiums deposited into existing contracts will maintain the surrender charge schedule set forth by the initial premium. Certain payout options may incur a surrender charge.

**Note:** Please keep in mind that a surrender during the surrender charge period could result in a loss of premium.

CONTRACT YEAR	14-YEAR SURRENDER CHARGE
1	18%
2	18%
3	17%
4	15%
5	15%
6	15%
7	15%
8	14%
9	12%
10	10%
11	8%
12	6%
13	4%
14	2%

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

## PRODUCT FEATURES

### ACCUMULATION VALUE

The Accumulation Value is 100% of premium, plus any applicable bonus, allocated to the Fixed and Index Accounts, plus any index credit or other interest earned. It will be reduced by the amount of any withdrawals, but cannot decrease due to negative index performance.

### INDEX ACCOUNT

The Charter 14 fixed index annuity is not an investment in the stock market or in the applicable indices. Some or all of your premiums may be allocated between several different indices and/or crediting methods. This annuity offers enhanced ability to earn index credits associated with the annual changes in several distinct indices without the risk of directly participating in stock, bond or equity investments. These indices are recognized worldwide as prominent benchmarks for stock market and bond performance. This is truly a fixed annuity using an interest crediting strategy of indexing to determine the credited rate. The index credits will not mirror the exact performance of any stock market or bond index. In years when the Index Accounts apply 0% growth, you will receive a 0% index credit. It is important to note that the Fixed Account Interest Rate is never applied to premiums allocated to the Index Accounts.

### ANNUAL RESET

The Annual Reset allows an index credit, if any, to be added to the index account on each contract anniversary. That amount, when added, becomes “locked-in” because it can not be taken away due to negative index performance. Once added, the “locked-in” index credit will participate in any future credits, giving you the advantage of compounding in subsequent years.

This feature also resets your starting index point each year on your contract anniversary. Annual Reset can be a benefit when the index experiences a severe downturn during the year because you can take advantage of any gains from that point forward. Without this feature, you would have to wait for the index to climb up to its original level before any gains could be realized.

### INDEX CAP RATE

Your annuity applies an Index Cap Rate, or upper limit, to calculate your Interest Credits each year. It will always be declared on the contract anniversary and is guaranteed for that year. This rate may change annually. However, at no time will this rate ever fall below the minimum guarantees which are:

- 2% annual Index Cap Rate for the Annual Point to Point Crediting Method, Daily Average Crediting Method and Hindsight Index Strategy®
- 1% monthly Index Cap Rate for the Monthly Point-to-Point Crediting Method

The Index Cap Rate does not apply to the Fixed Account.

<b>DIVERSIFY YOUR PREMIUM AMONG THE FOLLOWING INDEX ACCOUNT OPTIONS</b>				
	<b>DAILY AVERAGE</b> (Subject to an Index Cap Rate)	<b>ANNUAL POINT-TO-POINT</b> (Subject to an Index Cap Rate)		<b>MONTHLY POINT-TO-POINT</b> (Subject to an Index Cap Rate)
<b>HOW IS THE INDEX CREDIT CALCULATED?</b>	Averaged sum of daily closes in index	Annual change in index or index combination		Sum of monthly performance subject to a monthly Index Cap Rate
<b>WHEN IS THE INDEX CREDIT CALCULATED/CREDITED?</b>	Annually	Annually		Annually
<b>WHEN IS THE INDEX CAP RATE APPLIED?</b>	Annually	Annually		Monthly
<b>WHEN CAN THE INDEX CAP RATE CHANGE?</b>	Annually	Annually		Annually
<b>INDEX AVAILABILITY</b> NOTE: Past Index performance is not intended to predict future performance and the Index does not include dividends.	<ul style="list-style-type: none"> <li>• S&amp;P 500®</li> <li>• (DJIA) Dow Jones Industrial Average<sup>SM</sup></li> <li>• S&amp;P MidCap 400®</li> <li>• Russell 2000® Index</li> </ul>	<ul style="list-style-type: none"> <li>• S&amp;P 500®</li> <li>• EURO STOXX 50®</li> <li>• (DJIA) Dow Jones Industrial Average<sup>SM</sup></li> <li>• S&amp;P MidCap 400®</li> <li>• Russell 2000® Index</li> <li>• Nasdaq-100®</li> </ul>	<b>HINDSIGHT INDEX STRATEGY® COMBINATION OF:</b> <ul style="list-style-type: none"> <li>• S&amp;P 500®</li> <li>• EURO STOXX 50®</li> <li>• Russell 2000® Index</li> </ul>	<ul style="list-style-type: none"> <li>• S&amp;P 500®</li> <li>• Nasdaq-100®</li> </ul>

### DAILY AVERAGE

This calculation method for determining any Index Growth uses a Daily Average calculation to determine a percentage gain or loss in the index during your reset period (see Annual Reset). This is done by comparing the difference between the index on the first day of the contract year and the Index Daily Average during the year (usually 252 trading days), subject to an Index Cap Rate.

### MONTHLY POINT-TO-POINT

This calculation method for determining any index credit uses the monthly changes in the index, subject to a monthly Index Cap Rate. The Index Growth, if any, is credited annually and is based on the sum of all of the monthly percentage changes in the index—which could be positive or negative. On each contract anniversary these changes, not to exceed the monthly Index Cap Rate, are added together to determine the index credit for that year. Negative monthly returns have no downside limit and will reduce the index credit, but the index credit calculation will never be less than zero.

### ANNUAL POINT-TO-POINT

Annual Point-to-Point measures index growth using two points in time, the beginning index value and the ending index value. Index linked gains are calculated based on the difference between these two values. The Index Growth, if any, is then subject to an annual Index Cap Rate.

#### Hindsight Index Strategy®

This is a Multi-Index Annual Point-to-Point Crediting Method, which uses a combination of three separate indices. Individual changes for each index are based on the changes in the index values on the contract anniversary at the beginning and end of the contract year. The individual changes, which can be positive or negative, are ranked by their performance and multiplied by an index weight (50% for best performing, 30% for next best performing and 20% for lowest performing<sup>4</sup>). These subsequent values are then added together to determine the Index Growth for the year, subject to an annual Index Cap Rate. Negative returns on any of the three indices have no downside limit and will reduce the index credit, but the index credit calculation will never be less than zero.

4. Please note the weighting percentages are subject to change for newly issued contracts. Contracts that have already been issued will maintain the weighting schedule that was originally set at the time of issue. Ask your sales representative for current index weighting percentages.

## FIXED ACCOUNT

Premium allocated to this account will earn the current Fixed Account interest rate. This rate will be guaranteed for the entire contract year and the rate will renew annually thereafter, but will never fall below the minimum guaranteed fixed interest rate of 1%. *Ask your sales representative for the current interest rate.*

FIXED ACCOUNT	
Interest Credited	Daily
Interest Rate can Change	Annually on Contract Anniversary

## 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, less applicable surrender charges and state premium taxes. 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 delivered.

## SUBSEQUENT PREMIUMS

All subsequent premiums are deposited into the Fixed Account and will earn the then-current Fixed Account interest rate until the contract anniversary date. On each contract anniversary, North American will allocate any premiums received since the prior contract anniversary among the Fixed Account and Index Account Crediting Methods according to your most recent instructions.

## TRANSFER OPTIONS

Each year, 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 on an annual basis. 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, these transfers between options will not be taxable or subject to surrender penalties. *Please refer to your Charter 14 annuity contract for minimum transfer amounts.*





## GETTING STARTED

### SUMMARY OF CHOICES FOR YOU TO MAKE.

CHOOSE EACH YEAR:

#### Crediting Methods for this product

- Daily Average  
AND/OR
- Annual Point-to-Point  
AND/OR
- Monthly Point-to-Point

#### How to allocate your premium\*

- \_\_\_\_\_ % S&P 500®
- \_\_\_\_\_ % S&P MidCap 400®
- \_\_\_\_\_ % DJIA<sup>SM</sup>
- \_\_\_\_\_ % Nasdaq-100®
- \_\_\_\_\_ % Russell 2000®
- \_\_\_\_\_ % EURO STOXX 50®
- \_\_\_\_\_ % Hindsight® Index Strategy
- \_\_\_\_\_ % Fixed Account

\*See the Diversify Your Premium chart on page 7 for index availability under each Index Account Option.

**Note: This page is for your reference only. It does not need to be returned to North American.**

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## PLEASE NOTE:

This brochure is for solicitation purposes only. Please refer to your Contract for any other specific information. With every contract that North American 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.

### PREMIUM BONUS

Products that have premium bonuses may offer lower credited interest rates and/or lower Index Cap Rates than products that don't offer a premium bonus. Over time and under certain scenarios the amount of the premium bonus may be offset by the lower interest rates and/or lower Index Cap Rates.

Premium taxes: Accumulation Value will be reduced for premium taxes as required by the state of residence. The North American Charter<sup>SM</sup> 14 annuity is issued in California on form LS156A04 (individual contract), LR342A, LR398A and LR445A (riders/endorsements) by North American Company for Life and Health Insurance<sup>®</sup>, West Des Moines, Iowa.

### 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 optional riders make the contract appropriate for your needs.

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## PORTRAIT OF FINANCIAL STABILITY

A.M. Best	<b>A+ (Superior)<sup>*, §</sup></b>	2nd highest out of 15 categories	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 contract holders.
Standard & Poor's Corporation	<b>A+ (Strong)<sup>°, §</sup></b>	5th highest out of 22 categories	Standard & Poor's Corporation is an independent third-party rating firm that rates on the basis of financial strength.

\* A.M. Best rating affirmed on May 24, 2012. For the latest rating, access [www.ambest.com](http://www.ambest.com).

° Awarded to North American as part of Sammons Financial Group, which consists of Midland National Life Insurance Company and North American Company for Life and Health Insurance®.

§ Standard and Poor's awarded its rating on February 26, 2009 and affirmed on April 23, 2012.

Ratings shown reflect the opinions of the rating agencies and are not implied warranties of the company's ability to meet its financial obligations. Ratings are current as of the date of this brochure.

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 FOR LIFE AND HEALTH INSURANCE®

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