

Industrial Alliance Pacific Insurance and Financial Services, Inc.

Freedom Flex Index

Freedom Flex Index

A Flexible Premium Deferred
Indexed Annuity



INDUSTRIAL ALLIANCE PACIFIC
INSURANCE AND FINANCIAL SERVICES™



*"In the truest sense, freedom cannot be bestowed;
it must be achieved." - Franklin D. Roosevelt*



Building a Stable Future on a Solid Foundation

Why the Freedom Flex Index?

A comfortable retirement doesn't just happen. It takes commitment, careful planning and saving. State or Federal Retirement Systems alone will not maintain the lifestyle you've worked so hard to achieve. You need to establish your own foundation for a future of income security. The Freedom Flex Index is designed to help you achieve this goal.

A fixed indexed annuity is a strategically constructed retirement savings vehicle that combines the principles of a traditional fixed annuity with the growth characteristics of an equity-invested product.

The Freedom Flex Index is a Flexible Premium Deferred Indexed Annuity that provides all the benefits traditionally associated with a conventional fixed annuity, but also credits interest based, in part, on the performance of the Standard & Poor's 500 Composite Stock Price Index without dividends.

As the stock market rises, the indexed account of your Freedom Flex Index Annuity is credited with an interest rate linked to the rise in the market. If the market declines, your money is protected by a minimum guaranteed interest rate and is safe from any loss. Also, because the interest gains are locked-in annually, interest already credited in prior years is never affected by future decreases in the S&P 500® index.

The Freedom Flex Index is designed for continuous 403(b), 457, IRA (Traditional and Roth) and Non-Qualified contributions and transfers. Contributions to 403(b) and 457 Plans are made on a pre-tax basis. That means you do not pay income tax on your contributions or your interest earnings until you take withdrawals (at retirement or other qualifying events). This condition can help you reach your retirement goals faster. You may also be in a lower tax bracket after retirement when you begin to receive distributions.

The Freedom Flex Index is not a mutual fund or any instrument that participates directly in stock or equity investments. The Freedom Flex Index offers you the potential for attractive returns based on the performance of the stock market without ever exposing you to market risk.

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The Freedom Flex Index gives you the choice between two kinds of interest accounts. Carefully consider how you want your premiums to be allocated between these accounts.

Fixed Account *(allocate 0-100%)*

The Fixed Account option provides you with a fixed rate of interest each calendar year, so you will always know the exact rate of interest you will earn (just as you would with a traditional fixed annuity). A new interest rate is declared at the beginning of each new calendar year, and the newly declared rate is guaranteed to be in effect for the duration of each year. The interest rate credited to the Fixed Account will never be less than the guaranteed minimum interest rate shown in your policy.

Indexed Account *(allocate 0-100%)*

For the Indexed Account, interest is credited based on the difference between a starting and ending value of the S&P 500® during a one-year period. The account earns the full percentage increase of the S&P 500® Index, up to the cap. If the S&P 500® goes down, the account is credited at 0%. Interest is calculated and credited to each deposit one year from the date it is deposited into the indexed account. The company can change the cap at any time for new deposits, but it will never be less than the guaranteed minimum cap specified in the contract.

Regardless of what happens to the S&P 500® Index, indexed interest credited at the end of an indexed term is guaranteed never to be less than zero.

What is the Cap? – Stated as a percentage, this is the maximum rate of interest funds allocated to the indexed account will earn. The cap is set when your Freedom Flex Index annuity is issued. IAP may change the cap upon each premium payment anniversary at the end of each indexed term. However, the cap is guaranteed to never go below 2%.

Use of S&P Index Values

Tracking the stocks of 500 large-capitalization U.S. companies, the S&P 500® is one of the most commonly used benchmarks for the overall U.S. stock market. The 500 listed companies are highly diverse, spanning every relevant portion of the U.S. economy.

Although past performance of the S&P 500® Index is no guarantee of future results, the S&P 500® Index has traditionally outperformed other fixed interest investment alternatives. During market declines, the Freedom Flex Index protects your principal and credits, at minimum, a zero percent return.

Account Allocations

The initial allocations are made at the time of application. Premiums may be allocated between accounts in whole percentages, and the total must add up to 100%. You may elect to change your allocation percentages at any time.

Account Transfers/Reallocations

Funds may be reallocated from the Fixed Account to the Indexed Account on the 15th of each month. To reallocate funds, IAP must receive written notice of the request no later than the first day of the month in which the funds are to be reallocated. The minimum amount that may be reallocated is \$50.00.

Funds may be reallocated from the Indexed Account to the Fixed Account at any time, but as indexed interest is calculated and credited one year from the date of deposit, reallocating funds from the Indexed Account to the Fixed Account prior to the end of the year in which a deposit was made will result in no interest being credited to the amounts being moved. A minimum of \$50.00 must remain in the Indexed Account from which amounts have been reallocated.

Highlights

Tax Advantages

Because of eligibility for certain taxation rules and requirements, the Freedom Flex Index policy value grows and compounds tax-deferred until it is withdrawn from the policy.

Waiver of Surrender Charges

Having options to access the policy value without incurring surrender charges is an important part of any retirement plan. The Freedom Flex Index was designed with this in mind. The ERB, 5 X 5 Provision, Guaranteed Free Withdrawals, and Loan Provision are all specially designed avenues created just for this purpose.

ERB (Enhanced Retirement Benefit)

If you retire 5 years or more after purchasing the Freedom Flex Index and are age 55 or older, the surrender charges will be waived.

5 X 5 Provision

On amounts annuitized or systematically withdrawn after the 5th contract anniversary for a period of at least 5 years, surrender charges will be waived.

Guaranteed Free Withdrawals

After the first contract year, surrender charges will be waived for partial withdrawals of up to 10% of the policy value.

Enhanced Loan Provision

For 403(b) and 457 Plans, loans are permissible after the first contract month. Up to 95% of the fixed fund value may be borrowed, subject to IRS rules and regulations. Although money can be transferred from the indexed fund to the fixed fund at any time, this may result in a loss of investment income. The loan balance will earn 3.00% while the remaining policy value continues to earn interest at the current rate. This means that with a guaranteed loan interest rate of 5.5%, the net cost of a loan is only 2.5%.

Individual Contract

With the exception of changes to comply with IRS guidelines, the provisions in the contract are guaranteed not to change.

Systematic Withdrawal Option

In addition to other settlement options, you can also choose to receive the policy value in payments made monthly or annually according to a fixed time period or a fixed amount. You may also stop these payments and restart them at a later date, creating the ability to maintain control of the account to strategically maneuver through retirement while continuing to earn a current interest rate.



Bonus Provision

Under certain conditions, you may qualify for a 3% persistency premium bonus. No annuitization required. Ask for qualifying details.

No Market Value Adjustment

Once interest is credited to the policy, it becomes part of the policy value and is not affected by changing interest rate environments when withdrawn.

Surrender Schedule

End of Year	1	2	3	4	5	6	7	8	9	10	11
Surrender %	10	9	8	7	6	5	4	3	2	1	0

No Rolling Surrender Charges

The Freedom Flex Index surrender schedule starts on the issue date and declines to 0% after the tenth year on the entire account. This makes the Freedom Flex Index an attractive option for increasing flexible contributions as well as affect lump sum transfers throughout the life of the contract.

Death Benefit

The policy value, less any outstanding loan balance, will be paid upon the death of the owner or any joint owners. A spouse who is surviving joint owner or the sole surviving beneficiary may elect to continue the annuity contract.

Settlement Options

The policy value, less premium or other taxes which have not been previously deducted, becomes the annuity value and is used to calculate the periodic annuity payments, if payments are to be made over five or more years.

The following standard settlement options are available:

- Life Annuity
- Life Annuity with Minimum Guarantee
- Joint and One-half Survivor Annuity
- Term Certain Annuity
- Interest Income
- Systematic Withdrawal

Financial Strength Ratings

Independent rating analysts, the A.M. Best Company, have placed IAP in the "secure" category with an A (Excellent) rating.

No Administrative Fees

There are no annual administrative fees or up-front sales charges or loads.

Freedom Flex Index

At 1st American, our motto is *"Prepare for tomorrow by performing today"*.

These words are relevant in business, education and saving for retirement. We strive to combine innovative, personalized solutions with experienced professionals to provide the best local assistance available to you.

Our corporate mission is to serve you and your family by demonstrating professional standards, providing impeccable service and offering only the highest quality products.



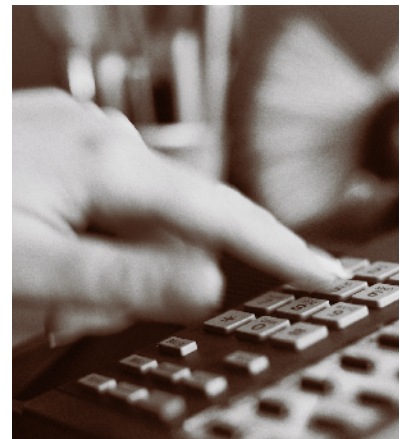
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A SOLID FOUNDATION

Since 1912, Industrial Alliance Pacific Insurance and Financial Services Inc. has been ensuring the financial wellbeing of an ever-growing number of clients. Our mission is to offer you a range of insurance products and financial services that meet your ever-changing needs. Whether you wish to protect your family or prepare for retirement, we can present you with quality products and services that are specifically designed to meet your needs.

Industrial Alliance Pacific is part of the Industrial Alliance Group, which is headed by Industrial Alliance Insurance and Financial Services Inc. Like the elephant, their common symbol, both companies are known for their strength and solidity.



*For the latest rating, access
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The group's strength provides Industrial Alliance Pacific with exceptional financial stability. Independent rating analysts, the A.M. Best Company, have placed IAP in the "secure" category with an A (Excellent) rating. AM Best describes this rating as "Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing obligations to policyholders."

This brochure provides a summary of the features and benefits of the Freedom Flex Index plan. If there is a discrepancy between this brochure and the Freedom Flex Index plan, the plan will prevail. For a complete description, please refer to the policy contract.



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