



Fidelity &
Guaranty LifeSM

FG Life-EliteSM

Fixed Indexed Universal Life Insurance
Consumer Brochure

***FG Life-EliteSM** offers a competitive fixed indexed universal life insurance design.*



What is Fixed Indexed Universal Life Insurance (FIUL)?

Fixed indexed universal life insurance is a type of permanent life insurance. What makes it different from other traditional products is the way the interest earnings on the account value can be determined. With an FIUL product, you can direct the account value into either a fixed account, an indexed account, or a combination of the two. In the fixed account, the account value will receive a fixed rate of interest declared by the insurance company. In the indexed account, the rate of interest is determined by the performance of the S&P 500[®] Index, subject to a maximum cap. The attractive feature of the indexed account is the potential to earn higher rates of return based on the index's performance while being guaranteed that the earnings will never be less than 0%.

This product does not participate in any stock, bond, or equity investments.

Outstanding features include:



Tax Benefits

Tax advantages including income tax free insurance benefits, tax deferred growth of account values, and the possible tax advantaged access to account values.



Upside Potential

The ability to earn interest based on the performance of the S&P 500 Index, subject to a cap, without any downside risk.



Flexible Death Benefits

The ability to select a set amount or an increasing amount for the death benefit. You may also switch the death benefit option in the future based on your changing needs.



Liquidity

Access to surrender value through withdrawals or loans.



Persistency Bonus

Fidelity & Guaranty Life will credit a 0.25% persistency bonus to the fixed and indexed account value, if the then current fixed index rate exceeds the guaranteed minimum.



No-Lapse Guarantee

A 15-year guarantee that the life insurance contract will not lapse as long as the required premiums are paid.

How does FG Life-Elite work?

1.

HOW WILL THE VALUE OF MY LIFE INSURANCE GROW?

GROWTH POTENTIAL

FG Life-Elite's account value consists of two portions that may be credited with different interest rates:

- 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.

A Choice of Interest Crediting Options

The account value can be allocated between a fixed account, indexed interest accounts or a combination of these accounts.

- One is a fixed interest account where Fidelity & Guaranty Life declares a rate of interest that the account value earns. The rate of interest is fixed for a year.
- The other accounts are indexed interest accounts. The account value earns interest based on the performance of the S&P 500 Index, subject to a cap. The cap is set annually on each account value segment date and is guaranteed never to be less than 2% when the participation rate in the indexing formula is guaranteed to be 140% or 3% when the participation rate is 100% depending on your election at the time you apply for life insurance.

The rate for fixed and indexed interest accounts is guaranteed to never be less than zero.

Account allocations between the two accounts may be changed once every year on the account value segment anniversary, subject to at least 30 days prior notice.

Account Allocation Dates

When allocating account value into the indexed interest account, it's important to understand how these accounts are managed. Fidelity & Guaranty Life places money into the indexed interest account up to twelve times per year on the 15th of every month (or the first business day thereafter).

Charges & Costs

A 7.5% premium expense charge will be deducted from premiums paid up to the annual target premium. A 5% premium expense charge will be deducted from premiums, made in excess of the annual target premium. Each month, the company will deduct the cost of insurance charge, unit expense charge, account value expense charge, rider charges and an \$8 expense charge from the account value.

Monthly deductions will be deducted against 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 to cover cost of insurance deductions starting with the most recent segments.

How interest crediting works

When premium is received before the monthly account allocation date, it is held in a short-term interest earning account and earns a fixed interest rate daily, until the next monthly account allocation date.

The fixed interest account is credited with interest daily at the then current fixed interest rate.

The indexed interest account credit is based upon a formula linked to the annual changes in the S&P 500 and is subject to a cap.

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 (either 100% or 140%), limited to the declared cap. The index change will never be less than 0%.

The resulting indexed interest credit change is multiplied by the account value segment anniversary to determine the index interest credit. The index interest credit will not be credited to any portion of the account value that is deducted to pay cost of insurance charges or have been withdrawn or loaned used as collateral under a fixed loan structure.

Persistency Bonus

Beginning in the 11th year of coverage, Fidelity & Guaranty Life may credit an additional 0.25% persistency bonus interest rate to the fixed and indexed account value, if the then current fixed indexed rate exceeds the guaranteed minimum. Although our intent and history is to pay this bonus, Fidelity & Guaranty Life reserves the right to declare a bonus.

2.

WHAT HAPPENS IF I DIE?

DEATH BENEFITS

Permanent life insurance contracts have two basic features:

- The death benefit.
- The account value of the contract.

How the two features interact with one another is important to understanding the type of insurance death benefit option you choose.

Option A — Level Death Benefit

With this type of death benefit, your death benefit generally remains level, even though your contract's account value grows over time.

Option B — Increasing Death Benefit

With this type of benefit, the total death benefit is based on the amount of coverage you purchased plus the account value in the contract.

You have the option to change death benefit options at the contract anniversary. Changing the benefit from Option B to Option A does not require any additional underwriting. Changing the benefit from Option A to Option B does require additional underwriting because the face amount increases.

Flexible Death Benefit

FG Life-Elite is issued with a minimum death benefit of \$50,000. As long as you meet underwriting criteria you may adjust the death benefit upward or downward, once each year in \$5,000 increments. An increase may be made after the first contract year and a decrease after the third contract year. The death benefit may not be reduced below \$25,000.

No Lapse Guarantee[†]

Your coverage will remain in effect for 15 years if, during each month of the 15-year period, the premiums you pay are never less than the minimum no-lapse premium amount increased by any outstanding loan balances and partial withdrawal values. You may be foregoing the advantage of building up account value by paying only the minimum no-lapse premium.

3.

HOW CAN I ACCESS MY MONEY?

LIQUIDITY

Full Surrender

Should you choose to surrender your life insurance contract, the surrender value is available to you. This is your total account value less any surrender charges thereon and/or outstanding loans.

Surrender Charges

Surrender charges begin at issue and decline to zero over the first 15 years of the contract. Should coverage be increased, a new 15-year surrender charge period will be applied to account values associated with the increase in face amount.

Surrender Charge Waiver

No surrender charge applies to premium added to your account value during any contract year that exceeds the annual target premium.

Partial Withdrawals[†]

As long as the contract's surrender value is positive, withdrawals may be made from the contract after the first contract year. Withdrawals will reduce the death benefit by an equivalent amount. There is a \$25 charge for each withdrawal and surrender charges may be incurred. Consult your tax advisor before making a withdrawal as it may be taxable.

[†] May increase the likelihood that your account value will be insufficient to cover the monthly mortality costs and expense charges unless additional premium is paid. If additional premium is not paid, your coverage may terminate. Please consult your agent for details.

LOAN OPTIONS

A highly important and very valuable feature of your life insurance contract is the ability to take loans against the surrender value. With **FG Life-Elite**, loans are available after the first contract year, and there is no limit to the number of loans that may be taken, provided that there is uncollateralized surrender value in the contract.

FG Life-Elite offers two types of loans: Fixed and Variable. The difference between the two relates to the rate of interest charged and how the account value that is collateralized to cover the loan continues to earn interest. As always, you should select the loan that best suits your needs.

Fixed Loan Option[†]

For loans made in contract years 2 - 10, the interest charged is 8%. The account value that is used as collateral to cover the loan is moved into a fixed interest account where it is guaranteed to earn 6%. The net cost of the loan is 2% (**8% charged minus 6% earned equals 2% cost**).

In contract year 11 and beyond, preferred loans are available on the surrender value in the contract that is in excess of the no-lapse premiums paid into the contract. The interest charged is 6%. The account value that is used as collateral to cover the loan is moved into a fixed interest account where it is guaranteed to earn 6%. The net cost of the loan is 0% (**6% charged minus 6% earned equals 0% cost**).

Variable Loan Option

FG Life-Elite 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 Moody's Corporate Bond Yield Average Index.

Like the fixed loan, variable loans may be made after the first contract year. Unlike the fixed loan, with the variable loan the account 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 your total account value. As a result, you may continue to earn interest and/or index interest credits up to the cap for that index crediting period. This design gives you the ability to leverage the contract values through loans. For instance, you might borrow at a 5% rate of interest, but the cash value used as collateral for the loan may earn 10%. In this scenario, you have a 5% gain. On the other hand, there is the possibility that you can borrow at 5% and earn 0% if the index doesn't perform well that year. 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 relative to a fixed loan.

[†] May increase the likelihood that your account value will be insufficient to cover the monthly mortality costs and expense charges unless additional premium is paid. If additional premium is not paid, your coverage may terminate. Please consult your agent for details.

Annual Statements

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

4.

WHAT OPTIONAL BENEFITS ARE AVAILABLE?

OPTIONAL BENEFITS AND RIDERS***Accelerated Death Benefit**

If you are diagnosed with a terminal illness as defined in this rider, you may request up to 50% of the death benefit to help defray unexpected medical and other costs. This option will reduce the benefits payable following your death. There is a one-time administrative charge when the option is exercised (typically \$350, but it varies by state). Since the accelerated benefit payment may be taxable, you should consult your tax advisor before exercising the benefit.

**Waiver of Monthly Deduction Rider**

This valuable feature keeps your coverage in force by waiving the monthly charges in your life insurance contract should the insured become totally disabled for longer than six months. This prevents the cancellation of coverage and keeps the surrender value from being depleted.

**Accidental Death Benefit Rider**

This rider increases the death benefit in the event of certain accident-related deaths. The total amount of coverage may not exceed the lesser of the contract face amount or \$250,000.

**Level Term Insurance Rider**

This rider is designed to help minimize contract charges in order to maximize contract values and income distributions for heavily funded sales.

The term life insurance is available up to nine times the face amount on the base coverage and is available only on the primary insured. There are no unit expense charges; however, cost of insurance charges apply and may be different from the base coverage. Minimum premium is required and may be different from the base coverage. Surrender charges do not apply on the term life insurance coverage.

In addition to the basic protection provided by **FG Life-Elite**, there are additional benefits that may be added to enhance your life insurance.



Children's Level Term Insurance Rider

This benefit provides term life insurance for the insured's children until they reach age 25. One monthly premium charge will insure all your children up to a \$10,000 face amount per child. The rider is convertible to permanent life insurance within 31 days prior to the time the child ceases to be insured under the rider. The amount of insurance for a converted contract may be up to five times the amount of the rider without underwriting.



Ultimate Income Rider

This rider allows you to designate how your death benefit will be paid. Instead of a single lump sum at death, payments can be distributed for years, providing steady income for your beneficiaries.



Over Loan Protection Rider

This rider can prevent your life insurance contract from entering a lapse status as the result of outstanding loans that exceed your 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 contract.

* Optional benefit riders may not be available in all states. All riders except the Accelerated Death Benefit and Ultimate Income Rider have an additional monthly charge. Consult your tax advisor before exercising benefits.

5. 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 will continue to offer its series of focused life insurance and annuity products through its independent network of master general agents 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.

Contracts issued by Fidelity & Guaranty Life Insurance Company, Baltimore, MD.

Fidelity & Guaranty Life Insurance Company offers a diverse portfolio of term and universal life insurance contracts and optional additional features. Before purchasing, consider your financial situation and alternatives available to you. Your Fidelity & Guaranty Life Insurance Company financial professional can help you determine the best alternatives for your goals and needs, or visit us at www.fglife.com for more information.

Form Numbers: OM HCV IUL-C(3-08), OM HCV IUL (3-08), et. al.

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

Subject to state availability. Certain restrictions may apply.

This product is offered on a group or individual basis as determined by state approval.

Terms and conditions are set forth in the group certificate and master contract and are subject to the laws of the state in which they were issued.

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

Surrender charges may apply to withdrawals. Withdrawals may be taxable and, when made prior to age 59½, may result in tax penalties. Withdrawals will reduce available death benefit.

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.

“S&P®” is a 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 contract.

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 contract depends on answers to health questions in the application.

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

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No bank guarantee. • Not FDIC/NCUA/NCUSIF insured. • May lose value if surrendered early.

