

RateTrack[®] Annuity

FREQUENTLY ASKED QUESTIONS

What is the RateTrack[®] Annuity?

RateTrack[®] Annuity is a single premium deferred fixed annuity issued by Security Benefit Life Insurance Company (SBL). The RateTrack[®] Annuity may be purchased as an IRA, Roth IRA, 403(b) rollover, or non-qualified contract.

The RateTrack[®] Annuity may be well suited for a client who has a sum of money he or she does not want to place in the market and does not need access to for the term of the Guarantee Period, yet wants it to grow with a competitive interest rate that also has the opportunity to rise automatically as interest rates increase. RateTrack[®] Annuity is currently available in 5- and 7-year Guarantee Periods. What makes the RateTrack[®] Annuity unique is the interest crediting method pioneered by SBL.

How is the interest credited?

Unlike a typical multi-year guarantee annuity (MYGA), RateTrack[®] Annuity credits interest based in part on a floating rate, which can increase during the Guarantee Period and could result in higher interest credits than a fixed rate MYGA. During the selected Guarantee Period, RateTrack[®] Annuity features a unique interest crediting structure comprised of a Guarantee Period Base Rate (set at issue for the length of the Guarantee Period) in addition to the floating rate — the 3 Month CME Term SOFR Reference Rate, which resets annually at the rate on the last business day preceding the contract anniversary date) subject to a cap (set at issue for the length of the Guarantee Period).¹

The RateTrack[®] Annuity credits interest under the compound interest method. Using this method, interest is calculated and credited daily to the contract with interest credited on both the Purchase Payment as well as on the already credited interest. On the contract anniversary, a new Total Credited Interest Rate will be set for the next contract year – the sum of the Guarantee Period Base Rate + the floating rate (up to the cap). The Total Credited Interest Rate is an annual effective rate.

What is the cap?

The cap is the maximum rate of interest SBL will credit for the floating rate portion of the Total Credited Interest Rate. If the floating rate exceeds the cap, SBL will use the cap rate. If the floating rate is below the cap, the actual floating rate will be used to determine the Total Credited Interest Rate.

What is the Guarantee Period Base Rate?

The Guarantee Period Base Rate is set at contract issue for the Guarantee Period and is one component of the Total Credited Interest Rate.

What is the 3 Month CME Term SOFR Reference Rate and why did SBL select it?

The 3 Month CME Term SOFR Reference Rate is based on overnight transactions in the U.S. dollar Treasury repo market. The Secured Overnight Financing Rate (SOFR) is a secured rate because U.S. Treasury securities serve as collateral. SOFR has more than \$1 trillion in underlying daily transaction volumes across a wide variety of markets.

¹Rates can be changed at any time without notice.

What happens after the Guarantee Period?

Contract Owners have the option to withdraw their funds plus any interest credits at the end of the Guarantee Period, or they can continue in the annuity without a Surrender Charge Schedule at an annual renewal rate set by SBL (with the initial rate set at the time their Guarantee Period ends). This rate will never be less than the contract's Guaranteed Minimum Interest Rate (GMIR).

What happens when the floating rate decreases?

No one can predict what interest rates will do in the future. However, the RateTrack® Annuity is structured to take advantage of a rising rate environment through the use of an innovative way to credit interest in a fixed annuity by using a floating rate component. As rates increase, the Total Credited Interest Rate in an Owner's RateTrack® Annuity also increases.² If the floating rate decreases during the Guarantee Period of the contract, that decrease would be reflected in the Total Credited Interest Rate calculations.

Can an Owner add more money to RateTrack® Annuity?

No. RateTrack® Annuity is a single premium deferred fixed annuity with a \$10,000 minimum.

Can an Owner take withdrawals from the annuity without penalty?

Yes. RateTrack® Annuity offers Owners the flexibility of withdrawing up to 10% of the initial premium in the 1st Contract Year and up to 10% of the prior contract anniversary Account Value each subsequent year, free of surrender charges.

Is RateTrack® Annuity RMD friendly?

Yes. Withdrawals for more than the 10% free withdrawal amount are not subject to surrender charges if being made to comply with Required Minimum Distribution (RMD) rules.

How long does an Owner have to keep money in RateTrack® Annuity?

RateTrack® Annuity is designed to be held for the entire term of the 5- or 7-year Guarantee Period. Aside from any free withdrawals that may be taken, consumers should not purchase the RateTrack® Annuity if they believe they will need the funds during the surrender charge period.

How often does the floating rate change?

Rates are set every business day. However, we should note that while the floating rate can change every day, the Total Credited Interest Rate only resets on each contract anniversary.

What happens if the floating rate goes negative?

It is extremely unlikely that the floating rate would go below 0%; in fact, it's never happened. Should that occur, the Total Credited Interest Rate would still be calculated the same way – Guarantee Period Interest Rate + Floating Rate = Total Credited Interest Rate.

²Up to a cap

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Guarantees provided by annuities are subject to the financial strength of the issuing insurance company. Annuities are not FDIC or NCUA/NCUSIF insured; are not obligations or deposits of and are not guaranteed or underwritten by any bank, savings and loan, or credit union or its affiliates; and are unrelated to and not a condition of the provision or term of any banking service or activity.

The Security Benefit RateTrack® Annuity, form ICC15 5300 (12-15) and 5300 (12-15), a single premium deferred fixed annuity, is issued by Security Benefit Life Insurance Company. Product features, limitations, and availability vary by state.

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