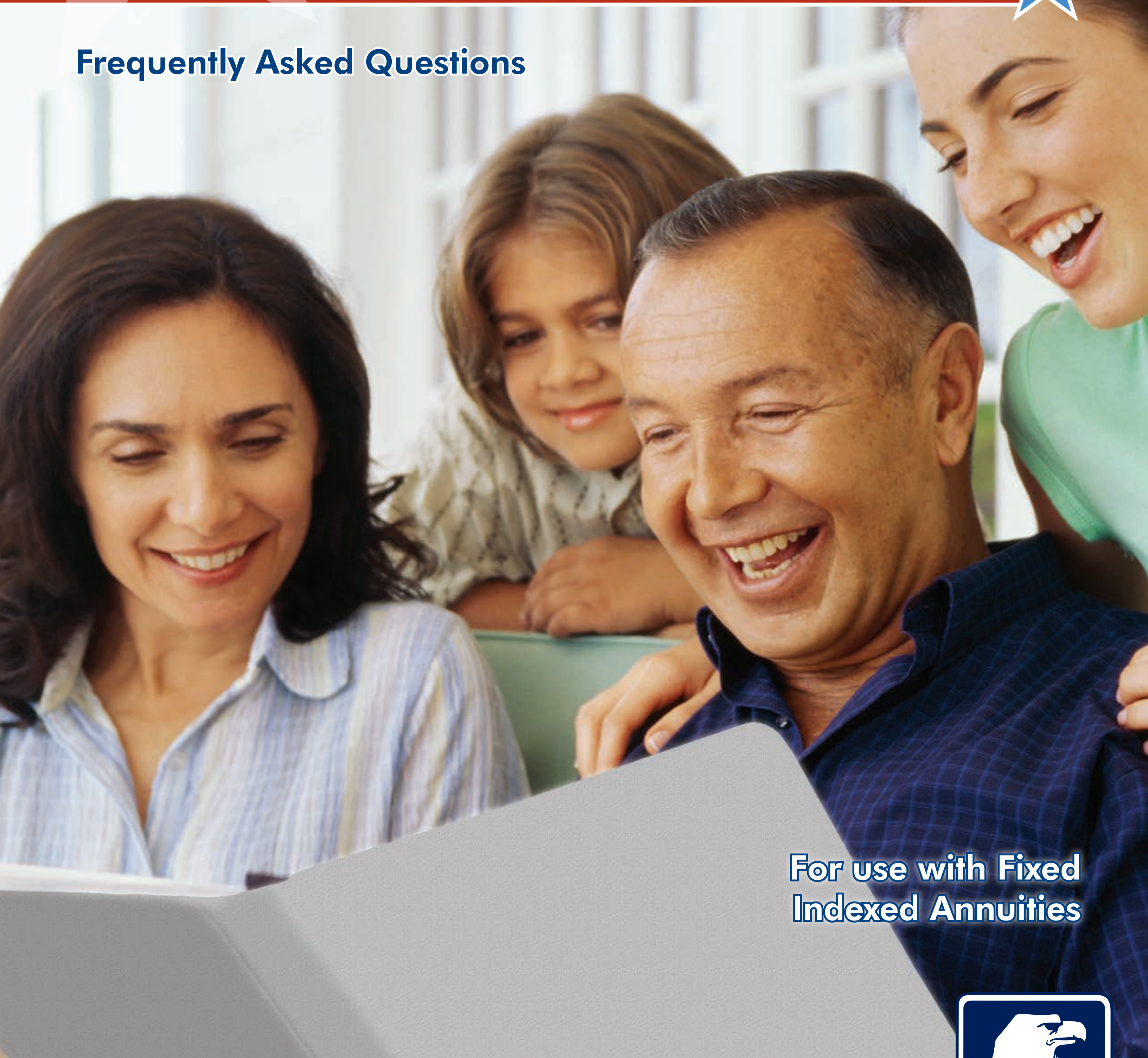
Lifetime Income Benefit Rider
with Enhanced Death Benefit or Wellbeing Benefit

Frequently Asked Questions



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AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY™

Lifetime Income Benefit Rider FAQ's

LIFETIME INCOME BENEFIT (LIB)

What is LIB?

It is the payment that is guaranteed as long as the annuitant is alive.

How is it calculated?

The initial Lifetime Income Benefit (LIB) payment is calculated by multiplying the benefit payout percentage by the income account value (IAV). The benefit payout percentage is based upon gender and age at time of election.

Can the payment decrease?

LIB payment will decrease if an excess withdrawal over and above the Lifetime Income Benefit payment is taken or if payments are stopped and restarted.

Can the payment increase?

Yes, it is possible for the lifetime income benefit payment to increase. At each anniversary, after payments have begun, if the contract value of the base contract is greater than the income account value, the IAV will be "stepped-up" to the base contract value. Then the benefit payout percentage that was in effect when the initial LIB payment was calculated is multiplied by the new income account value. If the result is greater than the current lifetime income benefit payment, the LIB payment is increased.

Do LIB payments have to begin during the IAV Period?

No. Lifetime income benefit payments may begin at any time after the first contract year as long as the individual is at least 50 years old.

INCOME ACCOUNT VALUE (IAV)

What is the Income Account Value (IAV)?

The IAV is an accounting value only used to determine Lifetime Income Benefit payments. IAV is determined by taking premiums paid plus any bonus credited, if applicable, compounded by the appropriate IAV rate chosen - either 4.0%, 6.5%, or 7.0%[1]. The IAV is not associated with the base contract value.

Can funds be withdrawn from the IAV?

No. The Income Account Value is only used to determine what Lifetime Income Benefit payments would be at a specific point in time. The IAV is not available for cash surrender.

Will partial withdrawals stop the IAV from accumulating?

No. You may take partial withdrawals from your contract prior to election of LIB payments and your IAV will continue to grow. Withdrawals will reduce the contract value and Income Account Value on a pro-rata basis.

What is the IAV period?

It is the period of time during which the IAV is credited the IAV rate. For the 4.0% and 6.5% IAV rates, the current IAV period is 10 years and if you Reset, your IAV could grow for up to 20 years. For the 7.0% IAV rate, the current IAV period is 5 years and if you Reset, your IAV could grow for up to 10 years.

What does it mean to "reset" the IAV period, and why would someone reset the IAV period?

The IAV period may be reset once. For the 4.0% and 6.5% IAV rates it may be reset after the 5th contract anniversary, but before the 10th contract anniversary. For the 7.0% IAV rate, the IAV period may be reset after the 2nd contract anniversary, but before the 5th contract anniversary. Your new IAV period will be for the same duration as the original IAV period. LIB payments must not have begun in order to request a reset of the IAV period.

There are two situations when it might be advantageous to reset an IAV period.

- At the end of the initial IAV period, if lifetime income benefit payments have not begun, the IAV stops growing. It would make sense to reset the IAV at this point.
- If the contract value is higher than the IAV, resetting would set the IAV to the contract value.

This new, higher IAV would grow at the IAV rate for another IAV period, or until Lifetime Income Benefit Payments are elected, whichever comes first.

INCOME ACCOUNT VALUE (IAV) RATE

What is an IAV Rate?

It is the annual effective interest rate that is applied to the IAV. The rate is chosen by the customer at issue and cannot be changed. It ceases to apply at the earlier of the date IAV period ends or the date lifetime income benefit payments begin.

Does the IAV rate continue to be applied after LIB payments have started?

No. The IAV rate is only used during the IAV period. At the end of the IAV period the IAV is locked in unless the customer chooses to reset a new IAV period or until lifetime income benefit payments begin.

Is switching from any of the IAV Accumulation/Benefit Options allowed?

No. Once an income account value accumulation option is chosen, that is the IAV option. It is not possible to switch to another IAV option.

Can you switch from any of the IAV Accumulation/Benefit Options at reset?

No, even at reset, the IAV option chosen at contract issue is the set rate used to determine the IAV.

RIDER FEE

Is there a rider fee, and if yes, what is it?

Currently, there is no charge for the 4.0% IAV Rate. There is a .70% fee for the Enhanced Death Benefit Option. There is a .75% fee for the 6.5% IAV Rate and a .85% fee for the Wellbeing Benefit Option associated with the 6.5% IAV rate. There is a .90% fee for the 7.0% IAV Rate and a 1.0% fee for the Wellbeing Benefit Option associated with the 7.0% IAV rate.

Can the rider fee ever change?

Yes. However, the initial rider fee is guaranteed until/unless the owner requests to reset the IAV period. If the owner chooses to reset the IAV period, we may at that time change the rider fee rate for any of the IAV accumulation/benefit options. The new rider fee rate will then be guaranteed to never change for as long as the base contract or the Lifetime Income Benefit Rider are in-force.

Lifetime Income Benefit Rider FAQ's

Is the rider fee deducted from the income account value and the contract value?

No. The rider fee is only deducted from the contract value, on each contract anniversary.

Please Note: Your contract value may lose money in years where no interest is credited and a fee is applied. However, the rider fee will not reduce the income account value at any time.

Does the rider fee cease when lifetime income benefit payments begin?

No. The rider fee continues as long as the rider is in-force.

Is the rider fee considered a distribution by the IRS?

We do not give tax advice, so customers should check with their personal tax advisor. However, it is our opinion that the rider fee is part of the contract value calculation. The owner does not receive any funds, nor do they ever take possession of funds. Based on this, we believe that the rider fee is not a distribution. Again, each individual should seek the advice of his or her individual tax advisor on this issue, and act accordingly.

WELLBEING BENEFIT OPTION

How long may someone receive Enhanced LIB Payments using the Wellbeing Benefit Option?

If all of the eligibility requirements are met, the LIB payment may be increased for the duration of the Enhanced LIB period which is currently 5 years. A statement from a licensed doctor must be provided each year to ensure eligibility.

What happens if someone is no longer eligible for Enhanced LIB Payments?

The next LIB payment will be calculated by dividing your previous Enhanced LIB Payment amount by the applicable Enhanced LIB Withdrawal factor.

Can Enhanced LIB payments be stopped and restarted at a later date?

No. Enhanced LIB payments are only permitted one time. If enhanced LIB payments are stopped they cannot be restarted.

DEATH BENEFIT OPTIONS

What happens if the Owner/Annuitant dies before LIB payments start?

That depends on who is the named beneficiary. A surviving spouse[2] can step in and take over the contract and the rider will continue. However, if the named beneficiary is anyone other than a spouse, then the rider would terminate and the beneficiary will receive the death benefit from the contract or Enhanced Death Benefit if applicable.

What happens if the Owner/Annuitant dies after LIB payments start?

Again, that depends on who the named beneficiary is. If the payout option is based on the joint life of both spouses, and the surviving spouse continues the base contract, then the payments will continue until both spouses are deceased. If the payout option is based on a single life then a surviving spouse can step in and take over the base contract and the rider will continue. The surviving spouse will be able to receive a series of payments based on the current income account value at the benefit payment privilege based on the spouse's gender and age at step-in, until the income account value is zero. The spouse will not be guaranteed a lifetime income. If the named beneficiary is anyone other than a spouse the rider will terminate at the owner/annuitant's death and the beneficiary will receive the death benefit from the contract or Enhanced Death Benefit if applicable.

Annuity Rider issued under form series ICC14 R-LIBR, ICC14 R-LIBR-EDB, 14 R-LIBR-W and state variations thereof. Availability may vary by state.

[1] 4.0% version available at all owner issue ages. 6.5% and 7.0% versions available only to owners issue age 50+. Please see Lifetime Income Benefit Rider disclosure for details.

[2] Spouse as defined under federal law and regulation.

Provisions of the Lifetime Income Benefit Rider, such as Income Account Value Accumulation Rates, may change prior to issue. Please look over your Lifetime Income Benefit Rider closely for your specific provisions.

Neither American Equity nor our agents offer legal, investment or tax advice. Please consult your own personal advisor for these matters.

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