



## HOW IT WORKS

- DAILY AVERAGE
- MONTHLY AVERAGE
- ANNUAL POINT-TO-POINT



# DAILY AVERAGE CREDITING METHOD/INDEX ACCOUNT OPTION

Many of North American's Fixed Index Annuities (FIAs) offer a Daily Average Crediting Method/Index Account Option. Daily Average can be beneficial because it can smooth out the peaks and valleys of a volatile market. This allows your Fixed Index Annuity the possibility of earning index linked interest credits under uncertain market conditions. The following is an example of how the Daily Average Crediting Method/Index Account Option is calculated on a North American FIA:

<b>1</b>	<p>Contract begins January 3</p> <p style="text-align: right;">Beginning Index Value: <b>7950</b></p>
<b>2</b>	<p>Next we add all of the index values over the year, from 8077 to 8909, listed in the eight columns on the next page, together. The beginning index value is not included.</p> <p style="text-align: right;"><math>8077 + 8129 + 8223 + 8382 \text{ (etc.)} \dots 9054 + 8873 + 8909 = 2,239,626</math></p>
<b>3</b>	<p>Divide that total by the number of days the market was open.</p> <p style="text-align: center;"><math>\frac{2,239,626}{251} = 8922.81</math></p> <p>This produces the <b>average index closing value</b> of the index in that contract year.</p> <p style="text-align: right;">Average Index Closing Value: <b>8922.81</b></p>
<b>4</b>	<p>The beginning index closing value is then subtracted from the average index closing value.</p> <p>Average Index Closing Value – Beginning Index Value</p> <p style="text-align: right;"><math>8922.81 - 7950 = \text{difference of } 972.81</math></p>
<b>5</b>	<p>This difference is divided by the Beginning Index Value of the previous year, thus giving us the percentage of index change using the <b>Daily Average Crediting Method/Index Account Option</b>.</p> <p style="text-align: center;"><math>\frac{972.81}{7950} = 0.1224 = 12.24\% \text{ * Gain}</math></p> <p><small>* Note: Please keep in mind that after the percentage change has been determined, a Participation Rate and/or Cap Rate may be applied.</small></p>
<b>6</b>	<p>Finally, the gain may be subject to a cap or participation rate. Ask your sales representative for current cap rates and participation rates if applicable.</p>

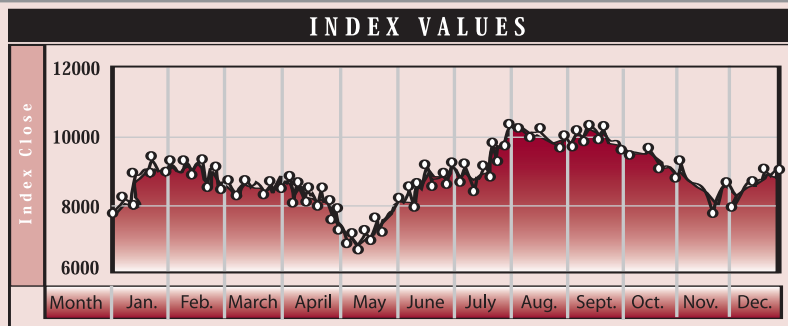
Please refer to your Product Brochure for more specific information regarding participation rates or caps. Not all products use the same method to calculate Index Credits to the contract.

# SAMPLE INDEX VALUES

The numbers and calculations below are examples only. They do not represent any one particular North American fixed index annuity or Stock Market Index. They were put together to show how the daily average crediting method/index account option is calculated.

INDEX VALUES* - SHOWING AN EXAMPLE OF THE INDEX VALUES, FOR 1 YEAR (251 BUSINESS DAYS).							
Jan. 3 - 7950	9410	8873	7091	9209	10221	9710	8409
8077	9344	8652	7384	9217	10205	9688	8019
8129	9348	8879	7652	8953	10257	9797	7785
8223	8754	8952	7150	8824	10136	9625	7702
8382	9233	8244	7432	8935	10089	9590	8191
8222	9163	8734	7754	9202	10030	9645	8186
8091	9204	8544	7411	8701	10035	9517	8264
8920	8797	8529	7676	8572	9911	9618	8712
8950	8540	8189	7840	8702	9820	9503	8680
8997	8816	8551	7716	8937	9946	9474	8737
9033	8833	8358	8048	8697	10060	9687	8507
9141	8855	8495	8073	8728	10092	9706	8313
9006	8640	8306	8120	9105	10007	9562	8044
9232	8542	8221	8107	8862	9808	9432	8274
9401	8495	8572	8417	8840	9837	9254	8456
9163	8414	8168	8255	9798	10142	9282	8712
9059	8634	8320	8173	9222	10037	9127	8745
9076	8701	8285	8425	9656	9940	9120	8689
9136	8741	8075	8634	9797	10110	9270	8482
9104	8814	7555	840	9774	10298	9243	8743
9160	8638	8028	8434	9733	10244	9110	8818
9357	8758	7381	8500	10314	10289	9008	8778
9181	8834	7647	9002	10198	10353	9055	8991
9198	8771	7492	8583	10235	10230	9380	8872
9137	8524	7053	8945	10272	10106	9275	8957
9091	8592	7142	8781	10249	10158	9096	9054
9124	8757	7300	8781	10209	10216	8814	8873
9431	8396	7027	8808	10382	10104	8802	8909 Jan.3 (1 year later)
9120	8791	6931	8936	10176	9985	8685	
9068	8841	7194	8685	101091	9923	8639	
9052	8480	7178	8598	10094	9912	8473	
9241	8653	7338	8946	10301	9925	8542	

(Numbers used are examples only.)



\*The index value on any trading day is the closing value on the previous trading day associated with the index.

# MONTHLY AVERAGE CREDITING METHOD/INDEX ACCOUNT OPTION

Many of North American's Fixed Index Annuities (FIAs) offer a Monthly Average Crediting Method/Index Account Option. Monthly Average can be beneficial because it can smooth out the peaks and valleys of a volatile market. This allows your Fixed Index Annuity the possibility of earning index linked interest credits under uncertain market conditions. The following is an example of how the Monthly Average Crediting Method/Index Account Option is calculated on a North American FIA:

<b>1</b>	<p><b>Contract begins January 3</b></p> <p style="text-align: center;">Beginning Index Value: <b>7950</b></p>
<b>2</b>	<p>Next we add the twelve monthly index values over the year together, starting with 9160 which is the index value on February 3.</p> <p style="text-align: center;"><math>9160 + 8816 + 8480 + 7555 + 7840 + 8685 + 9797 + 9911 + 9982 + 9120 + 8264 + 8909 = 106,519</math></p>
<b>3</b>	<p>Divide that total by 12 to get the monthly average close of the index.</p> <p style="text-align: center;"><math>\frac{106,519}{12} = 8876.58</math></p> <p>This produces the <b>monthly average index closing value</b> of the index in that contract year</p> <p style="text-align: center;">Monthly Average Index Closing Value: <b>8876.58</b></p>
<b>4</b>	<p>This produces the <b>monthly average index closing value</b> of the index in that contract year.</p> <p>Monthly Average Index Closing Value – Beginning Index Value</p> <p style="text-align: center;"><math>8876.58 - 7950 = \text{difference of } 926.58</math></p>
<b>5</b>	<p>This difference is divided by the Beginning Index Value of the previous year, thus giving us the percentage of index change using the <b>Monthly Average Crediting Method/Index Account Option</b>.</p> <p style="text-align: center;"><math>\frac{926.58}{7950} = 0.1166 = 11.66\% \text{ * Gain}</math></p> <p><small>* Note: Please keep in mind that after the percentage change has been determined, Participation Rate and/or Cap Rate may be applied.</small></p>
<b>6</b>	<p><b>Finally, the gain may be subject to a cap or participation rate. Ask your sales representative for current cap rates and participation rates if applicable.</b></p>

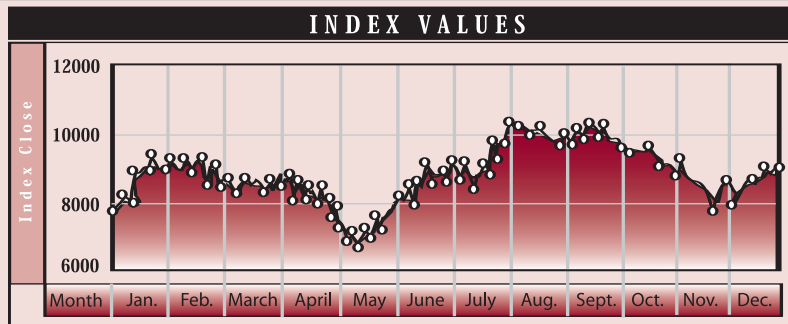
Please refer to your Product Brochure for more specific information regarding participation rates or caps. Not all products use the same method to calculate Index Credits to the contract.

# SAMPLE INDEX VALUES

The numbers and calculations below are examples only. They do not represent any one particular North American fixed index annuity or Stock Market Index. They were put together to show how the monthly average crediting method/index account option is calculated.

INDEX VALUES* - SHOWING AN EXAMPLE OF THE INDEX VALUES, FOR 1 YEAR (251 BUSINESS DAYS).							
Jan. 3 - 7950	9410	8873	7091	9209	10221	9710	8409
8077	9344	8652	7384	9217	10205	9688	8019
8129	9348	8879	7652	8953	10257	9797	7785
8223	8754	8952	7150	8824	10136	9625	7702
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9052	8480	7178	8598	10094	9912	8473	
9241	8653	7338	8946	10301	9925	8542	

(Numbers used are examples only.)



\*The index value on any trading day is the closing value on the previous trading day associated with the index.

# ANNUAL POINT-TO-POINT CREDITING METHOD/INDEX ACCOUNT OPTION

Many of North American's Fixed Index Annuities (FIAs) offer an Annual Point-to-Point Crediting Method/Index Account Option. Annual Point-to-Point measures market index growth using two points in time, the beginning index value and the ending index value. Index linked interest is credited based on the difference between these two values. The following is an example how the Annual Point-to-Point Crediting Method/Index Account Option is calculated on a North American FIA:

<b>1</b>	<p><b>Contract begins January 3</b></p> <p style="text-align: center;">Beginning Index Value: <b>7950</b></p>
<b>2</b>	<p><b>Second, the ending value of this equation is the value of the chosen index one contract year later on January 3.</b></p> <p style="text-align: center;">Ending Index Value: <b>8909</b></p>
<b>3</b>	<p><b>Next the beginning value is subtracted from the ending value.</b></p> <p>Ending Index Value – Beginning Index Value</p> <p style="text-align: center;"><b>8909 – 7950 = difference of 959</b></p>
<b>4</b>	<p>The difference is then divided by the beginning value giving us the percentage of index change using the <b>Annual Point-to-Point Crediting Method/Index Account Option.</b></p> <p style="text-align: center;"><math>\frac{959}{7950} = 0.1206 = 12.06\% \text{ * Gain}</math></p> <p><small>* Note: Please keep in mind that after the percentage change has been determined Participation Rate and/or Cap Rate may be applied.</small></p>
<b>5</b>	<p><b>Finally, the gain may be subject to a cap and/or participation rate. Ask your sales representative for current cap rates and participation rates if applicable.</b></p>

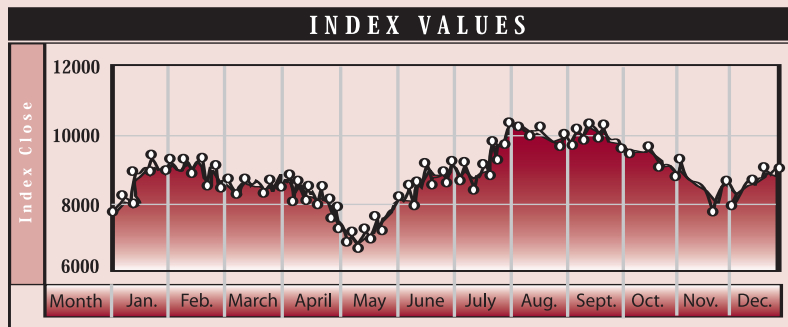
Please refer to your Product Brochure for more specific information regarding participation rates or caps. Not all products use the same method to calculate Index Credits to the contract.

# SAMPLE INDEX VALUES

The numbers and calculations below are examples only. They do not represent any one particular North American fixed index annuity or Stock Market Index. They were put together to show how the annual point-to-point crediting method/index account option is calculated.

INDEX VALUES* - SHOWING AN EXAMPLE OF THE INDEX VALUES, FOR 1 YEAR (251 BUSINESS DAYS).							
Jan. 3 - 7950	9410	8873	7091	9209	10221	9710	8409
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(Numbers used are examples only.)



\*The index value on any trading day is the closing value on the previous trading day associated with the index.

## PORTRAIT OF FINANCIAL STABILITY

A.M. Best	A+ (Superior) <sup>*, °</sup>	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	A+ (Strong) <sup>°, §</sup>	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.
Fitch Ratings	AA- (Very Strong)	4th highest out of 24 categories	Fitch is a leading global rating agency committed to providing the world's credit markets with independent, timely and prospective credit opinions.

\* A.M. Best rating assigned on January 4, 2008. 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 rating assigned February 26, 2009.

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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