



**GUARANTY**  
Income Life Insurance Company

## Renewal Interest Rates

Guaranty Income Life's objective has always been the same. ***We want to provide our customers a sound return on a very safe product, the Guaranty Income Life fixed annuity.***

Many of our clients are using tax-deferred annuities as the foundation of their overall financial plan. Guaranty Income Life's fixed annuities have long been noted for their competitive performance. Our fixed annuity principal and minimum rates are guaranteed by the Company.

The financial world has seen dramatic changes over the past few years. Our fixed annuities have helped our clients avoid stock market risk. Our annuities have always been among the safest investments available.

When you purchased your Guaranty Income Life fixed annuity, we joined forces to work with you to guarantee the following benefits:

- Tax deferred interest earnings
- Minimum guaranteed interest rate on 100% of your premium
- No market risk
- 100% liquidity of interest earnings
- A guaranteed lifetime income option (that individuals can't outlive)
- Beneficiaries avoid probate.
- Annuity interest provides triple compounding. Annuities earn interest on the principal, earn interest on the interest, and earn interest on the money that would have been used to pay taxes each year.

### How Are Renewal Interest Rates Determined For My Fixed Annuity?

In order to guarantee your benefits, Guaranty Income Life carefully invests your funds to provide the highest return with the least risk of loss. **Investments made by insurance carriers are highly regulated to ensure your funds are fully protected.** Consequently, investments are usually limited to high quality assets such as corporate bonds, commercial mortgage obligations, and government securities. Guaranty Income Life's assets are carefully selected to match investment objectives, which are to:

- Purchase high quality investments of varying maturities, so that the overall return of Guaranty Income Life's portfolio can adjust to a changing interest rate environment.
- Maintain sufficient funds on hand to meet our customers' needs should they choose to liquidate all or part of their annuity.

By being committed to high quality investments, interest rates earned by our portfolio will fluctuate with current economic conditions, and the rates credited to our policies may vary accordingly.

Guaranty Income Life's practice is to provide our clients the highest possible interest rates, while maintaining the Company's stability. Therefore, if interest rates rise on high quality investments, annuity interest rates may rise as well.

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*Annuities compete with banks' Certificates of Deposits ("CDs") for customers' "safe money." Usually, annuities pay higher rates than CDs because the investments that support the annuity are longer term (5 years to 10 years compared to 3 months to 2 years investment rates for CDs.)*

*When short-term investments pay higher yields than longer term investments, this unusual financial condition is called an "Inverted Yield Curve." Some banks would offer higher yields on short-term investments than on their longer term investments. Inverted Yield Curves have occurred only five times in the past 35 years, 1973, 1981, 2001, 2006 and 2007. However, after considering the unique features of annuities and the after-tax equivalent yield on an annuity, the annuity may still exceed the stated yield on most CDs.*

*At the end of 2005, the 1,119 insurance companies doing business in the United States controlled or managed more than \$4.4 trillion in assets. This translates into financial security that is beneficial to policyholders.*