

FORETHOUGHT DESTINATION INDEXED ANNUITIES<sup>SM</sup>

Guaranteed Destinations<sup>SM</sup> Client Guide

IT'S THE RIGHT CHOICE<sup>®</sup>

FORE  
THOUGHT<sup>®</sup>

THE FUTURE IS FULL





OF OPPORTUNITIES



## Where will the future take you?

To a second home on the lake? On a trip around the world? The future can be full of opportunities when you start planning now. That's where a fixed indexed annuity from Forethought Life Insurance Company comes in. With Forethought Destination Indexed Annuities<sup>SM</sup> your money is protected against market risk and will earn interest tax-deferred until you're ready to take advantage of all the opportunities you've envisioned for tomorrow. And with Guaranteed Destinations<sup>SM</sup> you retain complete control of your savings. You are guaranteed an annual income that will last for as long as you live, providing peace of mind for a secure financial future.

Whether planning for retirement or simply looking for another way to save, Forethought Destination Indexed Annuities offer flexible and reliable options that can help you realize your dreams. Forethought Life Insurance Company has been consistently recognized by A.M. Best Co. for financial strength. This means you can count on Forethought when it matters most.



# Prepare for the Future

Growing and securing your retirement nest egg is an ongoing battle. There are many challenges you will face when maximizing your retirement savings, and without proper financial planning, external factors can negatively impact the value of your hard earned savings:

**Taxes** – Taxes on interest earnings decrease the real return on your retirement accounts.

**Inflation** – Inflation, coupled with taxes, reduces the future purchasing power of today's savings, creating uncertainty that your current standard of living can be continued throughout your life.

**Longevity Risk** – Outliving your income can be a real concern as you plan for your retirement, due in part, to medical advances and active, healthier lifestyles.

**Market Risk** – Future stock market losses could irreparably harm your retirement accounts, increasing the risk of insufficient income to support your standard of living.

Fortunately, financial products are now available to help you address these risks. Fixed indexed annuities offer tax-deferred interest earnings, upside growth potential with protection from financial market declines, and income options to meet your specific needs.

## Why Buy a Fixed Indexed Annuity?

You have many choices to make when planning your financial future, with savings products offering varying degrees of security, growth and flexibility. A fixed indexed annuity provides a variety of benefits you may not find with traditional savings methods. Advantages include:

- **Upside growth potential tied to positive changes in the S&P 500® Index**
- **Principal protection against potential loss due to financial market declines through a guaranteed rate of return and guaranteed minimum Contract Value**
- **Tax-deferred growth**
- **Flexible income options to meet your retirement needs**
- **Full Contract Value death benefit for designated beneficiaries**

With Forethought Destination Indexed Annuities<sup>SM</sup> you have the opportunity to build a secure and flexible retirement plan that allows you to live your retirement on your terms.

# ADVANTAGES OF FORETHOUGHT

FORETHOUGHT DESTINATION INDEXED ANNUITIES<sup>SM</sup>

## Guaranteed Destinations<sup>SM</sup>

Forethought Destination Indexed Annuities<sup>SM</sup> are fixed indexed annuities designed to help you maximize your retirement income and secure your financial future.

### Discover the Benefits:

- Target your retirement savings for growth with a **5% premium bonus**, plus potential **growth** tied to the S&P 500<sup>®</sup> Index and tax-deferred interest earnings.
- **Protect** against potential loss and guarantee that your money will be there to provide for you and those you love.
- Take complete **control** of access to your money, with a **Guaranteed Lifetime Annual Income** based on your choice of benefit options.



## Growth

### Maximize Your Retirement Income Potential

Guaranteed Destinations<sup>SM</sup> offers you the potential to grow your retirement assets at a better interest rate than traditional savings options, while still providing protection against financial market declines. The following factors will work to maximize your retirement income:

- **Premium Bonus:** Your contract includes a 5% bonus applied to all premium received in the first 4 contract years.
- **Tax Deferral:** Your Contract Value grows on a tax-deferred basis. This means that you pay taxes on your earnings only when you take withdrawals, allowing you to benefit from tax-deferred interest compounding. Withdrawals of taxable amounts are subject to ordinary income tax and may be subject to a 10% federal tax penalty if taken prior to age 59½.
- **Indexing:** Two Indexed Account Strategies are available that credit interest based, in part, on changes in a stock market index. Forethought Life Insurance Company uses the S&P 500<sup>®</sup> Index, a highly regarded benchmark of stock market performance.

#### ***Annual Spread with Monthly Averaging Over the Index Averaging Period***

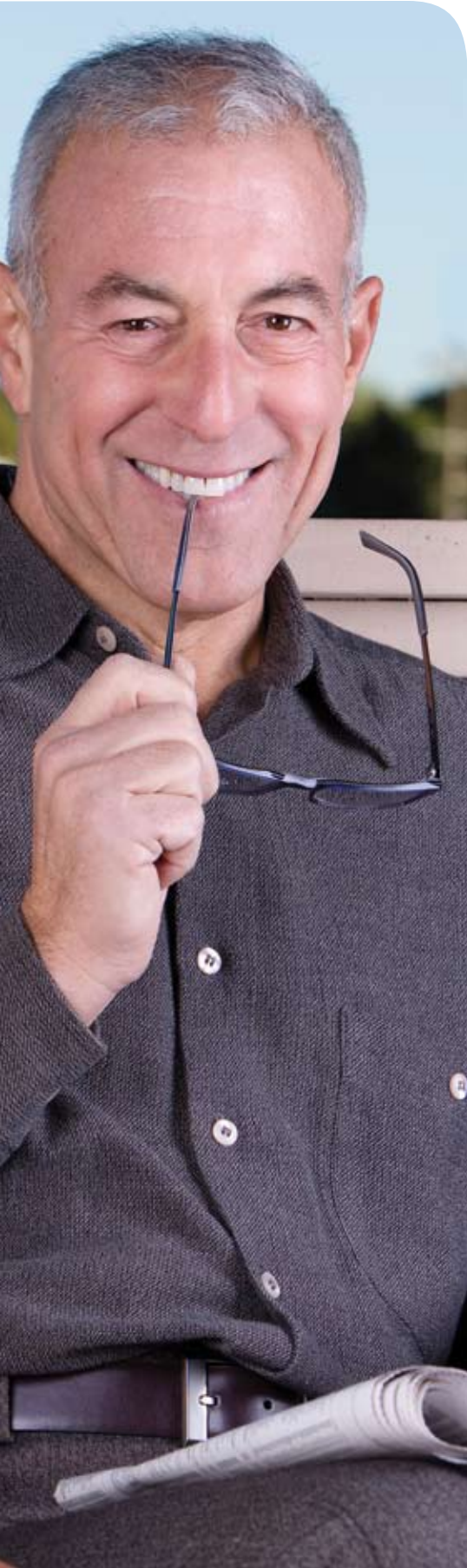
Interest is credited each contract anniversary after deducting a predetermined fee (called the index spread) from the average monthly percentage change in the S&P 500 Index. The spread is declared in advance and is guaranteed for the entire contract year, but will never be more than the maximum guaranteed annual index spread described in the contract.

#### ***Monthly Point-to-Point with Cap***

Interest is credited each contract anniversary based on the sum of the month-to-month percentage changes in the S&P 500 Index, where the positive percentage changes in each month are limited to a predetermined percentage change (called the monthly index cap.) The monthly index cap is declared in advance and is guaranteed for the entire contract year, but will never be less than the minimum guaranteed monthly index cap described in the contract.

A **Strategy Term Extension Rider** is also available where funds may be allocated to a blend of the indexed strategies, with 60% Monthly Point-to-Point with Cap and 40% Annual Spread with Monthly Averaging, to lock rates for 5 years.

A **Fixed Account Strategy** is also available, guaranteeing a specified interest rate that is reset each contract year, giving you the comfort of knowing exactly how much growth will occur.



# Protection

## Providing Financial Security & Peace of Mind

Guaranteed Destinations<sup>SM</sup> offers you principal protection, positive interest earnings, and death benefit proceeds for loved ones.

- **Principal Protection:** 100% of the money with which you purchase your annuity is credited to your Contract Value. This money (less withdrawals) is 100% guaranteed from day one of your contract.
- **Death Benefit:** Your beneficiaries are eligible to receive a death benefit equal to the full Contract Value, without incurring any withdrawal charges. The standard death benefit allows your beneficiaries to receive a lump sum payment or a stream of payments over a specified period of time.

*A substantial number of baby boomers may not be able to maintain their current lifestyle in retirement if they retire when they now plan to.*

*- According to a 2004  
Congressional Budget Office Study*



# Control

## Flexibility in Accessing Your Funds

Guaranteed Destinations<sup>SM</sup> ensures that you stay in complete control of your money. You have the ability to secure a lifetime annual income while maintaining access to your money, should your future plans change.

- **Withdrawal Privileges:** You can access your money by making a withdrawal at any time during the contract term. You may withdraw money without incurring withdrawal charges. The free withdrawal amount is the greater of:
  - 10% of the Contract Value after the first contract year; or
  - Any Required Minimum Distribution (RMD) imposed by the IRS for all qualified plans

Should you need to withdraw more, any excess above this amount is subject to a withdrawal charge that decreases over 10 full years: 10%, 10%, 10%, 10%, 9%, 8%, 7%, 6%, 4%, 2%, 0%. After 10 years, you can take the full value of your contract without penalty.

- **Guaranteed Lifetime Income Benefit:** At any time after you reach 59½ (and after the first contract year), you can take advantage of the Guaranteed Lifetime Income Benefit. This provides a guaranteed annual income for as long as you live, even if your contract value falls to zero.

# Guaranteed Lifetime Income Benefit

Guaranteed Destinations<sup>SM</sup> offers you ultimate flexibility and control of your retirement income, by providing the Guaranteed Lifetime Income Benefit. This feature provides several key advantages:

- Provides a **Guaranteed Lifetime Annual Income** equal to a percentage of your Contract Value on the date you choose to activate the benefit.
- The Guaranteed Lifetime Annual Income is **available for your lifetime**, even if your Contract Value falls to zero, making it retirement income that you cannot outlive.
- Includes a lifetime income based upon the higher of your annuity Contract Value with compounded indexed interest or **105% of your premium** less prior withdrawals with **guaranteed 5% annual compounded growth**.
- Offers your choice of **4 Income Options**, available on the date you activate the benefit.
- Your Contract Value always continues to receive **positive interest Index gains** even after you elect to begin receiving guaranteed income for the rest of your life.

*The following illustrations are hypothetical and are provided to show how Guaranteed Destinations<sup>SM</sup> works. These illustrations are not intended to forecast, imply or guarantee the future performance of any investment, or to project or predict Contract Values. Past performance is no guarantee of future results. The values in these charts assume that 50% of the \$100,000 initial premium is allocated to the Annual Spread with Monthly Averaging Over the Index Averaging Period crediting strategy with a hypothetical spread of 5.50%, 50% of the initial premium is allocated to the Monthly Point-to-Point with Cap crediting strategy with a hypothetical cap of 2.05% and no withdrawals are taken from the Contract Value prior to exercising the Guaranteed Lifetime Income Benefit. Current index returns, spreads and caps may be higher or lower than those illustrated, but the spread is guaranteed to never be more than 7.0% and the cap is guaranteed to never be less than 1.00%. Withdrawals in the first 10 contract years may be subject to a withdrawal charge.*

## How it works

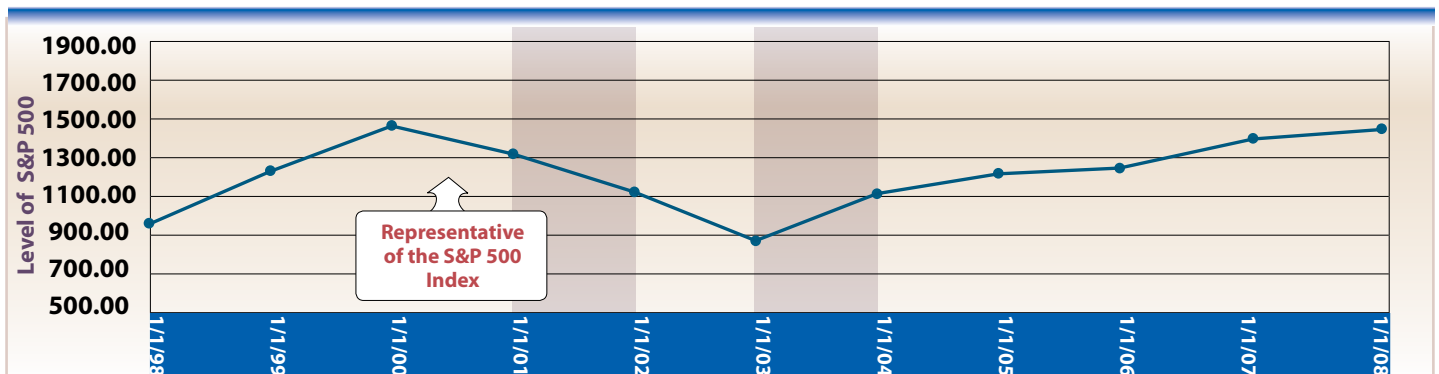
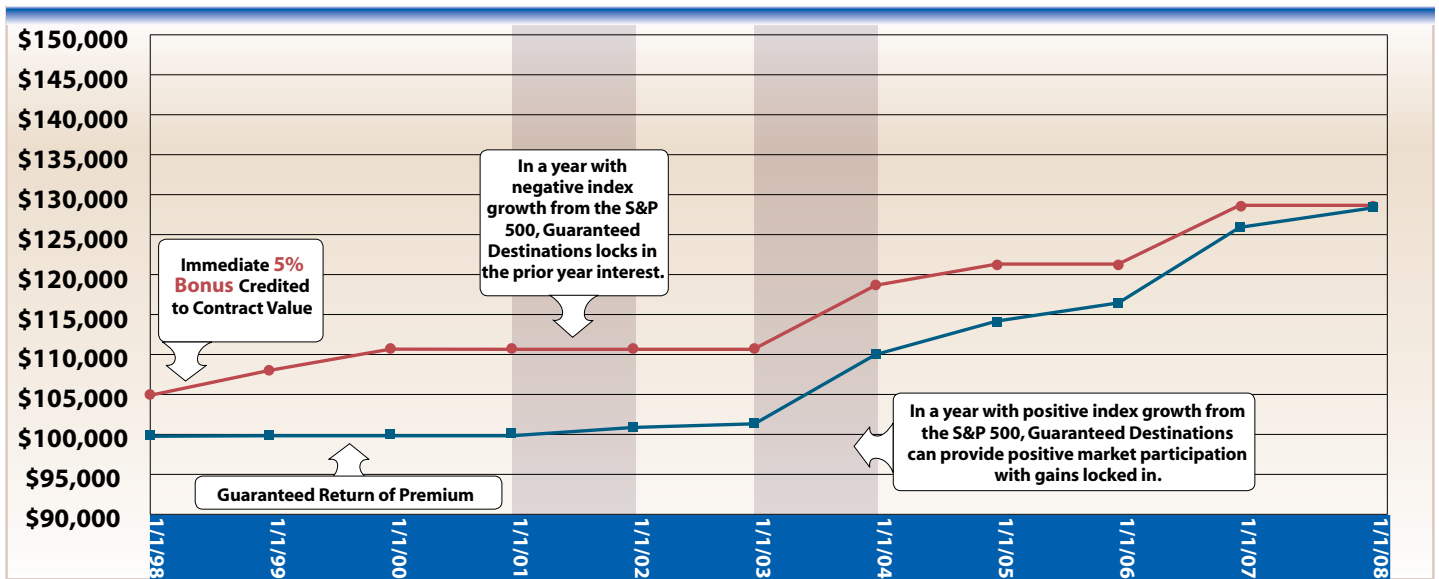
### 1. Purchase a Guaranteed Destinations<sup>SM</sup> Annuity

Upon issue, a 5% bonus is added to the premium received, creating your Contract Value.

### 2. Earn Positive Growth with Downside Protection

Your Contract Value growth is tied to the performance of the S&P 500<sup>®</sup> Index. Depending on the strategies you choose, interest credits are based on either the average monthly percentage change in the S&P 500 Index or the sum of the month-to-month percentage changes in the S&P 500 Index.

● Contract Value ■ Contract Withdrawal Value



Hypothetical example based on S&P 500 performance from 1998-2007. No representation of future performance is made. Assumes Guaranteed Destinations has been available since 1998.

# How it works

## 3. Activate Your Guaranteed Lifetime Income Benefit

On the day you choose to exercise your Guaranteed Lifetime Income Benefit, Forethought will determine the maximum amount, or income, you can withdraw from your contract every year going forward. To activate this benefit you must be 59½ years old.

Your Guaranteed Lifetime Annual Income will depend on your choice from among 4 available Income Options on the date you choose to exercise the benefit.

### **Income Options and Guaranteed Lifetime Income Benefit Factors available on the date you choose to activate your benefit:**

- 5% Level Income Benefit Annually
- 4% Income with a 2% Annual Cost of Living Increase\*
- 4% Level Income Benefit Annually with Spousal Continuation of Income Upon Death of Owner
- 3% Income with a 2% Annual Cost of Living Increase\* and Spousal Continuation of Income Upon Death of Owner

*\* Cost of Living increases begin on the 2<sup>nd</sup> anniversary following activation of the benefit and end once the Contract Value is depleted.*

Your Guaranteed Lifetime Annual Income on the date you activate the benefit is equal to the Guaranteed Lifetime Income Benefit Factor for the Income Option you choose multiplied by the larger of your Contract Value or 105% of premium less prior withdrawals accumulated at 5% interest.

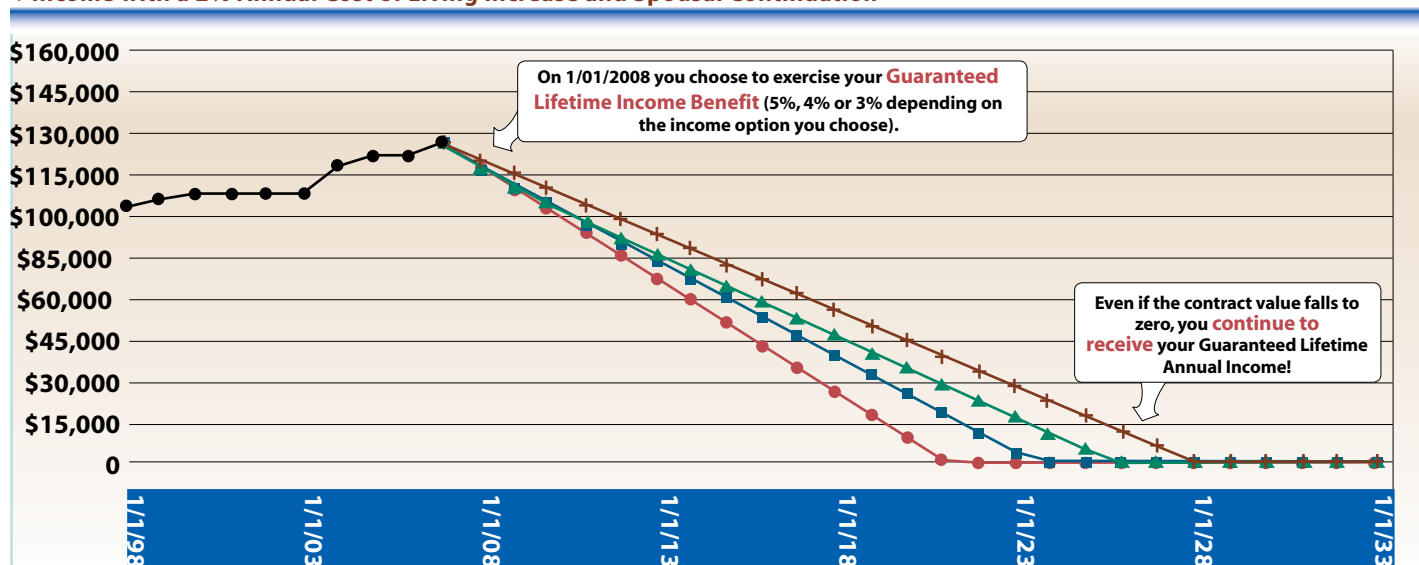
*Even after electing to begin your guaranteed income for life, your Contract Value continues to receive positive interest index gains. You also maintain complete control and access to the current Contract Withdrawal Value. In addition, your contract continues to provide death benefit protection for your beneficiaries equal to the Contract Value.*

# ME INCOME BENEFIT

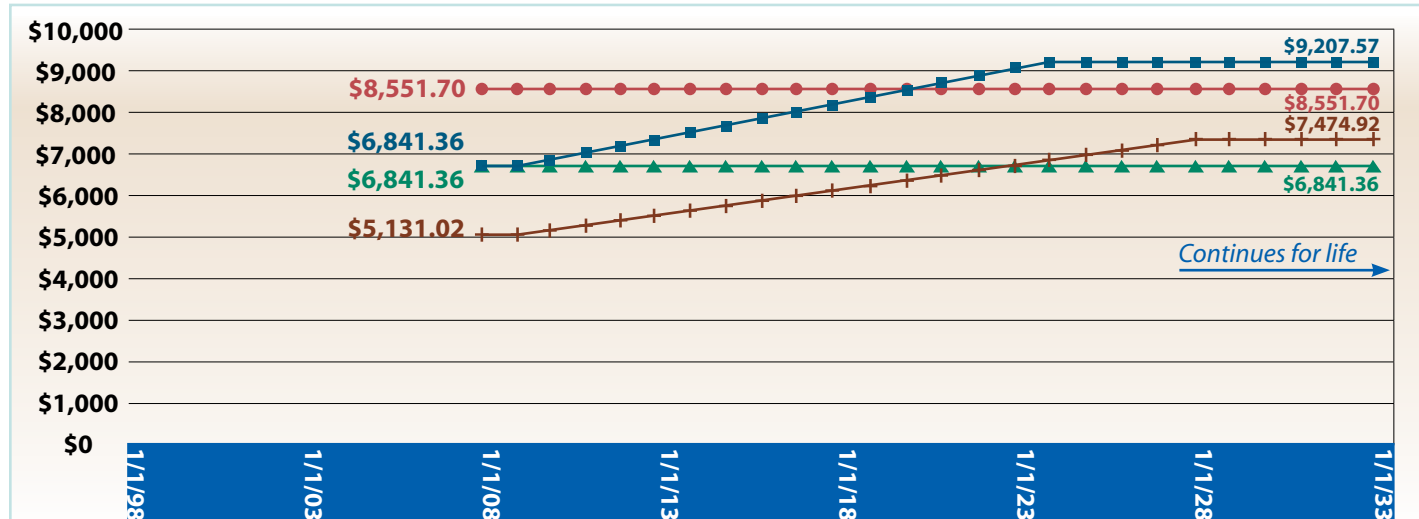
## Income Options

The following is a hypothetical example based on S&P 500® performance from 1998-2007 and **assumes 0% gain in S&P 500 thereafter**. It further assumes that the full available Guaranteed Lifetime Annual Income is withdrawn on each contract anniversary beginning 1/1/2008.

- Level Income Benefit Annually
- Income with a 2% Annual Cost of Living Increase
- ▲ Level Income Benefit Annually with Spousal Continuation
- + Income with a 2% Annual Cost of Living Increase and Spousal Continuation



Guaranteed Lifetime Annual Income



The initial Guaranteed Lifetime Annual Income amounts shown for 1/1/2008 are the guaranteed minimum values that will result from a \$100,000 initial premium after 10 years with no other withdrawals. They are equal to the applicable Guaranteed Lifetime Income Benefit Factor multiplied by the accumulation at 5% for 10 years of the initial premium plus the 5% premium bonus.

The amounts shown as of 1/1/2033 are available for withdrawal each subsequent year for the remainder of the owner's life. If the Income Option has Spousal Continuation, these amounts may be withdrawn until the death of the spouse if later.

If the Income Option has Cost of Living increases, the Guaranteed Lifetime Annual Income will be increased by 2% each year beginning on the 2<sup>nd</sup> anniversary following activation of the benefit and continuing until the Contract Value is depleted.



# Trust

## Forethought When It Matters Most

With Forethought Life Insurance Company, you can be confident that your security comes first. For more than twenty years, consumers have relied on us to protect the future for their families. Forethought Financial Group, Inc. and its subsidiaries, including Forethought Life Insurance Company, have:

- **Assets in excess of \$3.6 billion**
- **Approximately \$690 million in annual revenue**
- **More than \$4.7 billion of life insurance in force**
- **More than 2 million policyholders served**  
*- As of December 2006*

More than figures, these numbers are reasons for you to feel secure about Forethought. They represent the trust millions of people have placed with us to protect their families' financial futures.

**FORETHOUGHT DESTINATION INDEXED ANNUITIES<sup>SM</sup>**

**BECAUSE THE FUTURE IS  
FULL OF OPPORTUNITIES**



Forethought Financial Group, Inc. through its subsidiaries, provides innovative insurance and financial solutions for families managing retirement and end-of-life needs. Headquartered in Indianapolis, Indiana, our companies provide life insurance, trust programs and annuities. Forethought's insurance subsidiaries have been consistently recognized by A.M. Best for financial strength. Insurance affiliates include Forethought Life Insurance Company and Forethought National Life Insurance Company. Collectively, the insurance companies are licensed to sell in 49 states, the District of Columbia and Puerto Rico. Forethought also provides trust services in 28 states and the District of Columbia.

Forethought Destination Indexed Annuities<sup>SM</sup> are deferred annuities with fixed and indexed strategies issued by Forethought Life Insurance Company. Forethought Life is a wholly owned subsidiary of Forethought Financial Group, Inc. Guaranteed Destinations<sup>SM</sup> is available in most states with contract FA1001FP5GD10-01, (certificate series GA1001FP5GD10-01, as applicable). State variations may apply. Read the contract for complete details.

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