

MAKE A
COMMITMENT TO
YOUR FUTURE:
403(b)



NORTH AMERICAN COMPANY
FOR LIFE AND HEALTH INSURANCE



WHY SHOULD I ELECT A 403(B) PLAN WITH NORTH AMERICAN?

ADVANTAGES OF PARTICIPATING IN A 403(B) PLAN

A 403(b) tax-sheltered annuity (TSA) is a retirement savings program allowed by the Internal Revenue Code which enables you to save pre-tax dollars for your retirement, thus reducing your current taxable income. Your contributions grow on a tax-deferred basis until distributions are received, usually at retirement. This retirement program is available to employees of most public and private education institutions, colleges and universities, nonprofit hospitals and other tax-exempt 501(c)(3) organizations, such as charitable institutions, foundations, and religious organizations.

A NORTH AMERICAN 403(b) PLAN OFFERS YOU

- Higher pre-tax contribution limits than a traditional IRA
- Reduced taxes on your income
- A convenient, regular savings program
- Tax deferred growth on your earnings
- An individualized and flexible portfolio

PRE-TAX CONTRIBUTIONS

Take control of your taxes. Contributions made to your 403(b) immediately reduce your current taxable income. The amount you contribute to your 403(b) is not reported as taxable income on your W-2 to the Internal Revenue Service (IRS). If you contribute \$4,000 of your annual salary of \$40,000 to a 403(b), only \$36,000 is reported as taxable income to the IRS; thus your 403(b) program reduces your taxable income. If you already have a traditional savings plan, you can make the same contributions to your 403(b) program and actually increase your take-home pay.

	403(B) PLAN	TRADITIONAL SAVINGS PLAN
Monthly Gross Earnings	\$ 3,333	\$ 3,333
Monthly Savings	334	334
Federal Withholding	839	933
State Withholding	150	316
FICA	254	254
NET PAY	\$ 1,756	\$ 1,476

Example assumes a 5% State and a 28% Federal tax rate. 403(b) contributions are taxed when withdrawn. Illustration does not reflect local taxes. Tax rates and brackets are subject to change. The above chart is for illustrative purposes only and is not meant to replace the counsel of your tax advisor. Please consult your tax advisor for your particular situation.

North American does not give tax advice. The tax-deferred feature is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as the Death Benefit, lifetime annuity payments and riders make the contract appropriate for your needs. Before purchasing this contract, you should obtain competent tax advice both as to the tax treatment of the contract and the suitability of the investment.

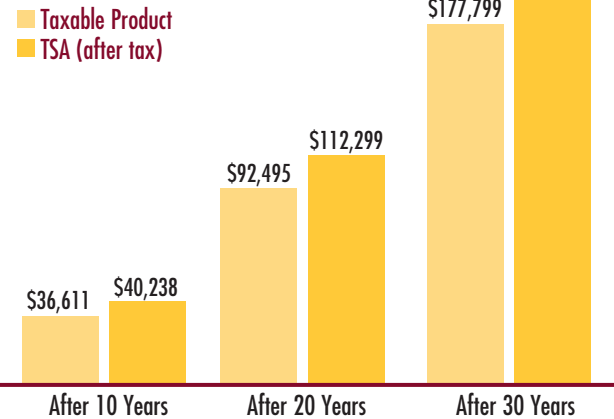
TAX-DEFERRED GROWTH

403(b) values accumulate tax-deferred. With a 403(b) program, your money grows faster because you earn interest on dollars that would otherwise be taxed. Your principal earns interest, the money saved in taxes earns interest and the interest compounds. With this tax-deferred status, you can accumulate more money over a shorter period of time, thus earning a greater return.

This hypothetical example assumes a \$4,000 annual contribution, a 6% annual rate of return and a 28% Federal tax bracket. The taxable contributions are made after tax, the earnings are taxed every year and the tax liability is deducted from the balance. The TSA contributions are made pre-tax; the earnings grow tax deferred until withdrawn at the end of each specified period, when they are taxed at a rate of 28%. Any withdrawals made prior to age 59 1/2 may be subject to additional tax penalties.

Not intended as tax advice. Consult your tax advisor about your particular situation.

TSA VS. TAXABLE PRODUCT



HOW NORTH AMERICAN MAKES IT EASY FOR YOU

- **Diversification.** North American offers a broad range of product alternatives across the risk spectrum.
 - Fixed Index Annuities
 - Traditional Fixed Annuities
- **Professional Management.** When you select a North American fixed index annuity or traditional fixed annuity, you benefit from the experience of North American.
- **Toll-Free Access.** Our customer service representatives are accessible toll-free for your existing contract information.
 - 7:30 a.m. – 5:00 p.m. (Central Time), Monday through Thursday
 - 7:30 a.m. – 12:30 p.m. (Central Time), Friday

Fixed Annuity Customer Service: 866-322-7069

- **Easy-to-Read Statements and Reports.** You will receive annual statements for fixed and index annuities and year-end tax forms.
- **24-Hour Web Access.** You will have 24-hour access to your contract information through our web site at www.nacannuity.com.

COMMONLY ASKED QUESTIONS CONTRIBUTIONS/TRANSFERS/ROLLOVERS

WHAT MAKES AN EMPLOYEE ELIGIBLE TO SET UP A 403(b)?

In general, any employee may elect to participate in the salary reduction portion of the 403(b) program provided that the minimum contribution they elect is \$200 or more annually (North American requires a minimum of \$50 per month on all flexible contracts). There are some exclusions to this rule (e.g. employee of a church or qualified church controlled organization), therefore please consult a tax advisor to determine which employees could potentially be excluded.

MAY PART-TIME EMPLOYEES OWN A TSA?

Yes, part-time employees may participate in a 403(b) arrangement. If you are a part-time employee, please check with your Plan Administrator to determine your eligibility.

HOW MUCH MAY BE CONTRIBUTED TO A 403(b)?

You may contribute the lesser of 100% of includable compensation or the maximum contribution allowed in the corresponding tax year. All elective contributions come directly from your paycheck before taxes (however, FICA taxes apply unless your employer has opted out of Social Security). See the chart below for the maximum contribution allowed in each tax year:

TAX YEAR	BASIC DEFERRAL LIMIT
2009	\$ 16,500
2010	\$ 16,500

If you are age 50 or older for the tax year of the contribution, an additional catch-up amount may be contributed. See the chart below for the maximum catch-up contribution in each tax year.

TAX YEAR	"CATCH UP"
2009	\$ 5,500
2010	\$ 5,500

As an example, assume the employee is a 52 year-old earning \$50,000 in 2009. This employee may be able to contribute \$22,000 without exceeding the elective deferral limit.

If the employee works for an eligible organization, he/she may also be able to contribute up to an additional \$3,000. An eligible organization includes educational institutions, hospitals, home health service agencies, health and welfare agencies, and religious organizations. In order for the employee to use this additional contribution opportunity, he/she must have 15 or more years of service with the current employer.

The employee must have also contributed less than \$5,000/year on average to any elective deferral plan. Please contact North American for further information on this catch up opportunity.

ARE FICA TAXES PAID ON THE AMOUNT CONTRIBUTED TO A TSA?

Yes, FICA (Social Security and Medicare) taxes are taken out of your gross salary, unless the employer has opted out of Social Security (some public education and church employers do not participate in Social Security).

HOW ARE CONTRIBUTIONS MADE TO A 403(b) PROGRAM?

Contributions are made through a salary reduction agreement that is arranged through your employer. The contributions are deducted directly from your paycheck and remitted to North American. Contributions may not be remitted in any other manner (e.g. money cannot be taken from your savings or checking accounts).

CAN YOU STOP OR CHANGE THE AMOUNT OF THE CONTRIBUTION?

You may stop contributing or change the amount being contributed at any time. However, an employer may limit the number of changes you may make in a year.

CAN YOU TRANSFER/ROLLOVER EXISTING RETIREMENT ACCOUNTS TO A NORTH AMERICAN 403(b)?

Yes, the new 403(b) regulations still allow for the change of contracts within the same plan (“rollover”) a transfer of assets from one plan to a plan of a different qualified employer (“transfer”). The practical effect of the new rules is to require an information sharing agreement with the plan sponsor and North American after September 24, 2007.

CAN A 403(b) BE ROLLED INTO AN IRA?

Yes, a 403(b) may be rolled into an IRA, but you must ‘qualify’ for an eligible distribution (see next page for details). An IRA will not have the same advantages as a 403(b). For example, only the 403(b) has a loan provision, an exemption from the premature withdrawal penalty if you retire after age 55, and permits Required Minimum Distributions (RMDs) to be waived until you separate from service.



COMMONLY ASKED QUESTIONS

WITHDRAWALS

WHAT ARE THE RESTRICTIONS ON A 403(b) DISTRIBUTION?

Unlike an IRA, Roth and SEP, you may not withdraw funds at any time, but rather the IRS requires that you be eligible for the distribution by qualifying for a distributable event. The following situations may allow you to be eligible to take a distribution (this does not necessarily exempt you from taxation, 10% penalty tax, or North American surrender charges):

1. Severance of employment from the sponsoring employer
2. Age 59½
3. Death or disability of participant
4. Qualifying hardship
5. QDRO (Qualified Domestic Relations Order)
6. Pre-1989 account values
7. Employer contributions

Additionally, you must begin taking the Required Minimum Distribution (RMD) at the later of age 70½ or retirement. An exception to this required beginning date applies to account values on December 31, 1986 (since these values are grandfathered, the required beginning date is the later of age 75 or the date you separate from service).

ARE LOANS ALLOWED ON A 403(b)?

Yes, a 403(b) plan offers loan availability. You may borrow from the plan without being subject to surrender charges and tax consequences (in most cases). The loans must be repaid with after-tax dollars and you must make payments at least quarterly. In most cases, the loan should be repaid over a five-year period. Please note that loans can only be taken out of the Fixed Account.

CAN A 403(b) PLAN BE ANNUITIZED?

Yes, provided that you are eligible for a qualified distribution, North American can provide you with a guaranteed income stream from the 403(b) plan. You have the ability to choose from several different income options, including payments for a specified number of years or income for your life no matter how long you live.

WHEN ARE TAXES PAID ON A 403(b)?

Taxes are payable when money is distributed from the 403(b). It is possible that you may be in a lower tax bracket at the time funds are withdrawn.

WHAT HAPPENS TO MY 403(b) PLAN IF I DIE?

Your beneficiaries will receive the applicable account value of your 403(b), minus the balance of any outstanding loans. This amount will generally avoid the process of probate. If your spouse is your beneficiary, he/she may roll it over to a qualified plan in their name to avoid a taxable distribution.

WHAT HAPPENS IF I CHANGE EMPLOYERS OR QUIT MY JOB?

If you go to work for another organization eligible to sponsor a 403(b) program, you may continue to contribute to your 403(b). If you quit and your new employer is not eligible to sponsor a 403(b) plan, your 403(b) with North American will continue to earn interest until withdrawn at retirement. You may also roll over your 403(b) tax-free into a traditional IRA account or receive an income stream or partial distribution if you are eligible for these payments.

MAKE A COMMITMENT TO YOUR FUTURE WITH A 403(b) PLAN FROM NORTH AMERICAN

With a 403(b) plan from North American, you have the opportunity to participate in a retirement savings plan that can build your retirement income faster than other traditional savings vehicles. If you want to decrease taxes and get a larger return on your earnings, contribute to a 403(b) with North American. You will begin earning interest on your entire premium from the day it is received by North American until the day it is withdrawn by you.

Your North American financial professional can help you start a 403(b) program today. Let your financial professional explain the benefits to you, answer your questions, and help you put your money to work for you.

All annuities come with the security of state requirements and company practices. State Insurance Department laws require the Insurance Company carry reserves equal to the withdrawal value of your annuity contract at all times. In addition, state laws require certain amounts of capital. North American at all times carries surplus for your further protection. All North American tax-deferred annuities are backed by the financial strength of North American and its investment portfolio, which entails an emphasis on high-quality bonds that provide safety, liquidity and competitive interest rates.



PORTRAIT OF FINANCIAL STABILITY

A.M. Best	A+ (Superior) [°]	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) ^{° §}	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.

* A.M. Best rating affirmed on June 18, 2010. For the latest rating, access 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 awarded its rating on February 26, 2009 and affirmed on March 31, 2010.

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.

The tax-deferred feature is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as the Death Benefit, lifetime annuity payments and riders make the contract appropriate for your needs. Neither North American, nor any registered representatives acting on its behalf, should be viewed as providing legal, tax or investment advice. Consult a qualified advisor. Taxes are payable upon withdrawal of funds, and a 10% penalty may apply to withdrawals prior to age 59½. This brochure is neither an offer to sell nor a solicitation to buy.



www.nacannuity.com

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NOT FDIC INSURED.
NO BANK GUARANTEE.