



Lifetime Income Benefit Rider

(LIBR-2008)*

DISCLOSURE STATEMENT

Before purchasing an annuity with the Lifetime Income Benefit Rider (LIBR), American Equity wants to make sure you understand the features of this Rider including all benefits, limitations, and costs. You should read through the brochure, and then go through the summary of information on this disclosure. Ask questions of your agent prior to making any decision. After you have read the information provided, and had your questions answered, please sign the acknowledgement stating your understanding of the key provisions of the Rider. Please refer to the actual Rider for a complete description of the benefits, limitations, and costs.

WHAT IS THE INCOME ACCOUNT VALUE?

The IAV is used to calculate the Rider's Lifetime Income Benefit (LIB). It is not part of your Contract Value, as outlined in the product brochure and Base Contract, and is only used to calculate your LIB amount. Your initial IAV is the initial premium you deposit, plus any premium bonus. The IAV will grow at the IAV Rate, which is set at issue and will continue to grow until the end of the IAV period. LIB payments will reduce both your contract value and IAV.

WHEN CAN I BEGIN TAKING MY LIFETIME INCOME BENEFIT PAYMENTS?

You may begin taking LIB payments anytime after the first Contract Anniversary. Of course, the longer you wait, the more time the IAV has to accumulate, and a larger income will be available. The IAV continues to grow until the end of the IAV Period, which expires at the end of the 10th Contract Year unless you submit a written request to restart the IAV Period. Once the IAV Period expires the IAV is locked in and remains at that amount until either the LIBR or the Base Contract expire.

CAN I TAKE OTHER WITHDRAWALS FROM MY ANNUITY?

Yes. Anytime, either before or after election of LIB payments, you may take withdrawals. You may always take up to the Contract Base, less any surrender charge prior to election of LIB payments. Withdrawals taken prior to election of LIB payments will reduce the Contract Value and IAV on a pro-rata basis. A withdrawal after LIB payments start will reduce future LIB payments by the same percentage the withdrawal reduces your Contract Value. If the excess withdrawals reduce the Contract Value to zero, the LIBR terminates and LIB payments will stop.

*Not available in all states.

WHAT IS THE LIFETIME INCOME BENEFIT RIDER?

It is a benefit rider that we automatically attach to your Base Contract. Based on the Income Account Value (IAV) option you choose and your age when you elect this benefit, your money will accumulate in a fund that can be accessed at a later date to provide you with a guaranteed lifetime income. This income is available to you without a surrender charge and without having to annuitize your Contract. This means that you maintain control of all the money accumulated in your annuity, and can access that money at anytime, with certain restrictions.

IS THERE A COST TO THIS RIDER?

That depends on which IAV rate you choose. There is no Rider Fee for the 5% IAV Rate option during the initial IAV Period. There will be a Rider Fee if you elect the 7% IAV Rate option under this LIBR. The Rider Fee is currently 0.4% and is set at issue of the Base Contract. The Rider Fee will be taken annually from your Contract Value at your Contract Anniversary and continues until either the Rider or the Base Contract expire. The Rider Fee will never change, unless you elect to Restart your IAV Period.

If you do elect to Restart your IAV Period, the Company may change the Rider Fee. This applies to both the 5% IAV Rate option and the 7% IAV Rate option. The Rider Fee will never be more than 1% even after you elect to Restart the IAV Period.

HOW MUCH INCOME CAN I GET?

That depends on several factors, including your age at time of income election, the amount of time the IAV has had to accumulate, the IAV Rate you choose, the premium paid and any premium bonus credited. Basically you take the IAV at the time you elect LIB payments, and multiply that amount by the Guaranteed Income Percentage of IAV for your age at that time. For example, you purchase an annuity at age 60 for \$100,000, and an IAV Rate of 5%, this is what you could expect to receive upon reaching your 10th Contract Anniversary at age 70 (assumes no Excess Withdrawals):

IAV at age 70	\$162,889
Guaranteed Income % of IAV at age 70	6%
Annual LIB Payments	\$9,773 (\$162,889 x 6%=\$9,773)

YOU SAID I CAN RESTART MY IAV PERIOD. HOW DOES THAT WORK?

You may Reset your IAV Period once on any Contract Anniversary between the 5th and 10 Contract Anniversaries by submitting your request in writing prior to the 10th Contract Anniversary. Your IAV will then become the greater of your current IAV or your Contract Value.

Owner's Initials

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AUTHORIZATION AND ACKNOWLEDGEMENT OF LIFETIME INCOME BENEFIT RIDER AND IAV ACCUMULATION OPTION CHOICE

I understand that the Lifetime Income Benefit Rider (LIBR) will automatically be added to my Base Annuity Contract. I understand that I may choose between two Income Account Value (IAV) options as offered by the Company. I choose the IAV Rate option indicated below:

Income Account Rate of 5% - By choosing this option I understand that:

- There is no Rider Fee associated with this option at the time of issue;
- If I choose to Restart my IAV Period, as allowed under the Rider, that the Company may at that time implement a Rider Fee and that:
 - Such a Rider Fee will be declared by the Company at Restart of my IAV Period;
 - The Rider Fee will be deducted annually from my Contract Value on each Contract Anniversary as long as the Rider is active; and
 - The Rider Fee will never be more than 1%.

(Owner's Initials)

Income Account Rate of 7% - By choosing this option, I understand that:

- I will incur a Rider Fee of 0.4% times my Contract Value on each Contract Anniversary as long as the Rider is active, unless I choose to Restart my IAV Period;
- The Rider Fee will be deducted annually from my Contract Value on each Contract Anniversary as long as the Rider is active;
- If I choose to restart my IAV Period, as allowed under the Rider, that the Company may change the Rider Fee percentage, and that:
 - The Company will declare the new Rider Fee at the Restart of my IAV Period; and
 - The Rider Fee will never be more than 1%.

(Owner's Initials)

I have read the information explained above, and understand its content. By signing, I acknowledge and understand the following:

- In purchasing the Base Annuity Contract from American Equity Investment Life Insurance Company I will automatically receive the Lifetime Income Benefit Rider.
- I will have a choice between two different Income Account Value (IAV) Rate options, as described above. In choosing an option, I have discussed my financial status, tax status, current insurance products, and other information with my agent and believe the IAV option I have chosen may assist me in meeting my current financial needs and objectives.
- There may be a Rider Fee for this Rider, depending on the options I choose, but that any Rider Fee will never be more than 1% of the Base annuity's Contract Value, charged annually.
- The Rider Fee, if any, will be taken annually from the Base Contract Value, and will continue as long as the Rider is active.
- Any values referred to in this and other documents, other than minimum guaranteed values and the contractual IAV values, are not guarantees and are subject to change.

WILL I BE TAXED ON LIFETIME BENEFIT PAYMENTS?

Yes. All payments are considered a withdrawal from the Base Contract's Contract Values. Any part of the withdrawal that is deferred interest is taxable. If the Base Contract is a Qualified Plan, the whole amount of the withdrawal will be taxable. We will calculate taxes on LIB payments as outlined in the Internal Revenue Code. In addition, the taxable portion of any withdrawal taken pre-age 59 ½ is subject to an additional penalty of 10% by the Internal Revenue Service.

WHEN DOES THE LIFETIME INCOME BENEFIT RIDER TERMINATE?

The LIBR terminates on the earliest of the following events:

- You choose to cancel the rider;
- You, or if jointly owned, the last surviving owner/annuitant, dies without a surviving spouse as sole beneficiary;
- IAV becomes zero due to excess withdrawals;
- You surrender the Base Contract;
- You annuitize the Base Contract;
- The Owner and Annuitant are no longer the same person;
- You die and your spouse is not at least Age 50.

AFTER I MAKE THIS ELECTION MAY I CHANGE MY MIND AND OPT FOR THE OTHER IAV RATE OPTION?

- No. The election you make on this disclosure document may not be changed once the Base Contract is issued. Therefore, if you elect for the 7% IAV Rate at issue of the Base Contract and later decide to cancel that election you will not receive the 5% IAV Rate that you would have received under this LIBR for no fee. You will also not be eligible for the 7% IAV Rate if you do not affirmatively elect that IAV Rate at issue and decide to take the 5% IAV Rate at no charge. It is extremely important that you review this election carefully with your agent and decide that the 0.4% charge for this LIBR is worth the 7% IAV Rate you will receive in return.

Owner's Signature

Joint Owner's Signature

Agent's Signature

Date



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Owner's Signature

Joint Owner's Signature

Agent's Signature

Date

American Equity Investment
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888-221-1234

