

# AMERICAN VALOR<sup>®</sup> II

*Platinum Series  
Flexible Fixed-Indexed Annuity*



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**GREATAMERICAN.**  
LIFE INSURANCE COMPANY

## **Building Lifestyle Security®**

You've worked hard for what you have. Wouldn't you like the freedom to enjoy your retirement with financial peace of mind?

At Great American Life Insurance Company®, we concentrate on one very important aspect of your life—making your future years more secure. And because we specialize in annuities, we understand how important long-term security is to your retirement. We are committed to offering products that provide financial peace of mind with safety, stability and tax advantages.

The American Valor® II fixed-indexed annuity, unlike many other financial vehicles, will guard the wealth you've built over your lifetime. You can rest assured that the financial strength of Great American Life® can provide the lifestyle security that you desire.



## **Access to Income You Cannot Outlive**

Whether you need short-term, fixed period or lifetime payments, your annuity settlement options can provide a guaranteed retirement income. This annuity offers a variety of settlement options.

The following describes several of the most commonly elected retirement income settlement options provided in this contract. To receive the Account Value during the first 12 years, you must select a minimum payout period of seven years or the Income for a Fixed Period, Not to Exceed Life Expectancy option.

### ***Income for a Fixed Period***

You may elect to receive periodic payments at specific intervals, payable for a specific duration. For example, you could request monthly payments over a 10-year period. If you die before that period ends, your beneficiary receives any remaining payments.

### ***Life Annuity with Payments for at Least a Fixed Period***

This retirement option offers you an income that you can't outlive. Payments will be made to you as long as you live, but no less than the specific duration requested or the guaranteed period. If you die prior to the end of the guaranteed period, your beneficiary will continue to receive payments for the balance of the period.

### ***Joint and One-Half Survivor***

This option offers payments of a fixed amount over the lifetimes of two payees. After the death of the primary payee, the secondary payee receives 50% of the original payment amount for the remainder of his or her lifetime. If the secondary payee is the first to die, there is no reduction in the payment.

### ***Income for a Fixed Period, Not to Exceed Life Expectancy<sup>1</sup>***

You may receive monthly payments guaranteed for a fixed period based on your life expectancy. If you die before receiving all benefits for the full period, your beneficiary may continue to receive payments until the benefit period is completed. This option is irrevocable and non-assignable, and has no commuted value.

Other options may be available at the discretion of the Company.

<sup>1</sup> This feature may not be available in your state.



## Growth Options with Fixed-Indexed Annuities

The American Valor® II gives you the peace of mind of a product that will safely grow in value, while protecting your initial Purchase Payments. As a fixed-indexed annuity, the American Valor II is a variation of a traditional fixed annuity. Like a traditional fixed annuity, interest is credited to the amount held in the annuity contract. A fixed-indexed annuity is unique in how the interest rate is determined.

With the American Valor II, you'll have the option of assigning your Purchase Payments among different interest strategies. You can select a **Declared Rate Strategy**, which functions like a traditional fixed annuity, earning compound interest daily at a rate determined by our Board of Directors. You also have the freedom to select **Indexed Strategies**, which earn interest that is determined and credited at the end of a term and based, in part, on the growth of the S&P 500®.<sup>2</sup>

Purchase Payments will be held in a holding account, called a Purchase Payment Account in the contract, where they will earn interest daily from the time they are received until the beginning of a term, which will begin only on the 6th or 20th of the month. At the beginning of the term, amounts in the holding account will be applied to the interest strategies you selected.

The American Valor II gives you the opportunity to re-select interest strategies and re-assign your Account Value. Changes for new Purchase Payments will apply upon the receipt of the request. For amounts already in the contract, changes will be applied at the end of the current term. This feature allows you to change strategies and the amounts assigned to them as your financial needs change. The American Valor II currently offers one Declared Rate Strategy and two Indexed Strategies.

### Bonus

As an added benefit to help secure your financial future, Purchase Payments received during the first three contract years will be increased by a Purchase Payment bonus.

<sup>2</sup> "Standard & Poor's®" and "S&P 500®" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by Great American Life Insurance Company®. This product is not sponsored, endorsed, sold or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of purchasing this product. The S&P 500 Index is a market-value weighted price index which reflects capital growth only and does not include dividends paid on stocks.

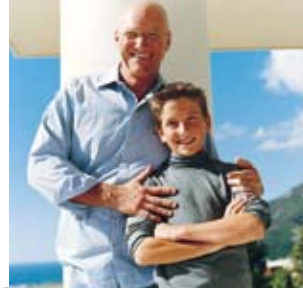
## Guaranteed Minimum Surrender Value

The American Valor II offers you the protection of a Guaranteed Minimum Surrender Value (GMSV), ensuring that the value of your annuity will not drop below a guaranteed value, regardless of the market conditions. This value is 100% of the Purchase Payments less any amounts withdrawn, plus interest credited at the current GMSV Rate of 3%, less any early withdrawal charges that would apply if the contract were fully surrendered.

## Declared Interest Rate

With the American Valor II, the current Declared Interest Rate that is in effect on the date your annuity contract is issued remains locked-in for the initial term, which is the first full contract year. After completion of the first contract year, your Declared Rate Strategy will earn compound interest at an annual rate that is determined by our Board of Directors prior to the start of each term.

For your protection, your Declared Rate Strategy will earn a minimum guaranteed interest rate throughout the life of your contract. The interest rate your money earns will never fall below the minimum guaranteed interest rate, even if economic conditions cause interest rates to drop dramatically. Please check with your agent for details on your state's guaranteed minimum interest rate.



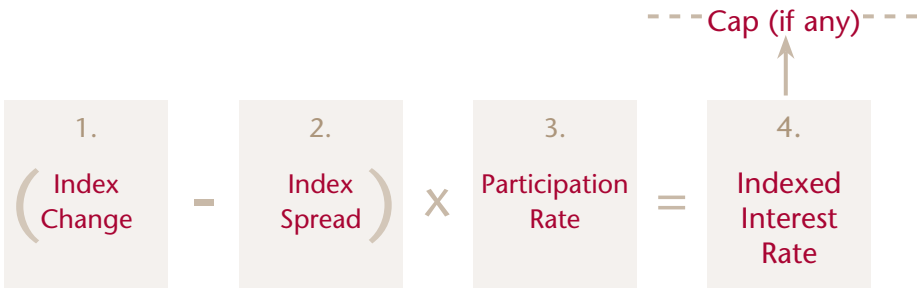
## Indexed Interest Rates

Since the Indexed Interest Rate is determined, in part, by the growth of the S&P 500<sup>®</sup>, you have the potential to benefit from market gains. What's more, even if the values of the S&P 500 decline, Great American Life<sup>®</sup> guarantees that the Indexed Interest Rate will *never be negative*. Remember that when you purchase the American Valor<sup>®</sup> II, you are purchasing an insurance contract, and not shares of any stock or index.

### Understanding the Indexed Strategies

With the American Valor II, you currently have the option of assigning your Purchase Payments among a daily averaging and monthly averaging Indexed Strategy. Future strategies may offer other options.<sup>3</sup>

1. The index change is measured using a **daily or monthly averaging strategy**. Averaging strategies measure the index change by determining the percentage by which the average value of the S&P 500 (average *daily* value or average *monthly* value) exceeds the value of the S&P 500 at the beginning of the term.
2. Then, the measured index change may be reduced by a percentage called an Index Spread.
3. A Participation Rate is then applied to the resulting amount to determine the Indexed Interest Rate.
4. Some strategies may then apply a Cap (or maximum value) to the Indexed Interest Rate; however, currently available strategies do not apply a Cap. See the illustration below to understand how these components work.



Your Indexed Interest Rate, no matter which Indexed Strategy or Strategies you choose, *will never be negative*.

<sup>3</sup> Future Indexed Strategies could offer alternate Index Spreads, Participation Rates, Caps or Index Methods.



## Liquidity If You Need It

Annuities are designed to accumulate money for retirement, and the American Valor II provides its best possible benefit if left intact, without taking any withdrawals. However, it's nice to know that you have access to the funds in your annuity if you need them. Great American Life offers a number of options to withdraw the money in your annuity. Remember that withdrawals prior to age 59½ may be subject to restrictions and a 10% tax penalty, according to IRS regulations. In addition, withdrawals from an Indexed Strategy will not be credited with Indexed Interest at the end of a term. Because tax laws are subject to varying interpretations and changes, we recommend that you consult with your attorney, tax advisor or accountant.

### **10% Penalty-Free Withdrawals**

During the first contract year, you may withdraw up to 10% of the Purchase Payments without the deduction of an early withdrawal charge. Each year after the first Contract Anniversary, you may withdraw up to 10% of the sum of the Account Value as of the most recent Contract Anniversary and any Purchase Payments received since, without the deduction of an early withdrawal charge.

### **Easy Systematic Payment Program<sup>4</sup>**

Through the Easy Systematic Payment (ESP) Program, you have the option to request regular income payments from your annuity. During the first contract year, you may withdraw an amount equal to the 10% Penalty-Free Withdrawal Allowance through the Fixed Dollar Option. You may also select the Life Distribution Option after the first contract year to help meet Required Minimum Distribution (RMD) requirements imposed by IRS regulations.

Naturally, payments through ESP may affect your tax-deferred growth, and systematic withdrawals will reduce the amount available under the 10% Penalty-Free Withdrawal Allowance. Remember, the money you receive through these programs is subject to taxation at the time of distribution, and withdrawals will reduce the amount of interest credited.

<sup>4</sup> The ESP feature is available through current Company practice and may be discontinued or changed at any time.

## **Early Withdrawal Charges<sup>5</sup>**

Early withdrawal charges will be applied to the following:

- During contract years one through 12, amounts withdrawn that are in excess of the 10% penalty-free withdrawal allowance;
- Amounts that are annuitized during contract years one through 12, where payments are made for less than seven years. Not applicable to those annuitizations made under the Income for a Fixed Period, Not to Exceed Life Expectancy option; and
- Full surrenders.

Please refer to your Client Letter of Understanding for an early withdrawal charge schedule detailing the early withdrawal charges applicable to the American Valor<sup>®</sup> II.

## **An Effective Retirement-Planning Tool**

The American Valor II serves as an effective estate planning tool, since it distributes remaining contract values to your beneficiaries without going through probate. This annuity also has the following additional features to help you protect your assets:

### **Death Benefit**

In the unfortunate event of the death of the contract owner, the beneficiary will receive a death benefit from the annuity. In the event of the contract owner's death before income payments have begun, the beneficiary will be paid the Account Value or the Guaranteed Minimum Surrender Value, whichever is greater.

If your spouse is the surviving joint owner or sole beneficiary, then he or she may succeed to the ownership of the annuity with all the rights and privileges of the original owner, as allowed by IRS regulations.

### **Long-Term Care Waiver<sup>6</sup>**

To help ease the strain of certain unforeseen events, a Long-Term Care Waiver is included with this contract for no additional charge. If, after the first contract year, the owner is confined to a nursing home or other long-term care facility for at least 90 consecutive days, early withdrawal charges may be waived on withdrawals up to a full surrender.



<sup>5</sup> Early withdrawal charges are referred to as Surrender Charges in the contract.

<sup>6</sup> This feature may not be available in your state.

## **Terminal Illness Waiver<sup>6</sup>**

After the first contract year, if you are diagnosed by a physician as having a terminal illness (prognosis of survival is 12 months or less), you have the option with the Terminal Illness Waiver to withdraw up to 25% of the annuity's Account Value without incurring an early withdrawal charge. There is no additional charge for this waiver, but the withdrawal provision may be used only once over the duration of the contract.

## **Contract Values**

The Account Value of your annuity is equal to the sum of the Purchase Payment Account Value, the Declared Rate Strategy Value and each Indexed Strategy Value.

Your holding account (**Purchase Payment Account Value**) is equal to the following:

- 100% of the Purchase Payments not yet applied to an interest strategy;
- Less amounts withdrawn and any early withdrawal charges applied to those amounts;
- Plus interest credited daily at a Purchase Payment Account interest rate; and
- Less any premium tax or other taxes that may be required by your state.

Your **Declared Rate Strategy Value** is equal to the following:

- 100% of all the amount applied to the Declared Rate Strategy Value;
- Less amounts withdrawn and any early withdrawal charges applied to those amounts; and
- Plus interest credited daily at the *Declared Interest Rate*.

For each Indexed Strategy, your **Indexed Strategy Value** is equal to the following:

- 100% of the amount applied to that Indexed Strategy;
- Less any amounts withdrawn and any early withdrawal charges applied to those amounts; and
- Plus interest credited at the *Indexed Interest Rate* on the last day of the term.

Your **Surrender Value** is equal to the greater of the following:

- The Account Value less any withdrawal charges that apply on a full surrender; or
- The Guaranteed Minimum Surrender Value.

Refer to your contract for a more complete description of your contract values.



## A Solid Company

The history of Great American Life Insurance Company® dates back to 1872 when its parent company, German American Insurance Company, was founded. In 1918, the Company changed its name to Great American Insurance Company. Great American Life® was founded in 1959 as a subsidiary offering life insurance through Great American Insurance agents. In 1976, Great American Life entered the annuity business and became one of the leading companies in sales of tax-deferred annuities. This long tradition of our company demonstrates both staying power and optimism for the future.

Our company has one of the most solid investment portfolios in the insurance industry today. By limiting our investment risk, we maximize the security of your retirement. As of November 28, 2006, A.M. Best Company rates Great American Life “A (Excellent)” for our financial strength, which is the third highest of 16 possible ratings.

Great American Life is a subsidiary of Great American Financial Resources®, Inc. (GAFRI), which is headquartered in Cincinnati, Ohio and publicly traded on the New York Stock Exchange (NYSE: GFR). GAFRI and its family of life insurers have \$12.9 billion of assets under management as of September 30, 2006. Through its subsidiaries, GAFRI markets retirement annuities and other life and supplemental health insurance.

Great American Life is licensed to sell products in all states (except New York) and the District of Columbia.



*For use with contract forms P1406405NW and P1406505NW, and rider forms R117(96)-1 and R1000600NW. Contract form numbers may vary according to the state in which a contract is sold. Products not available in all states.*

# American Valor® II at a Glance

## GENERAL INFORMATION

Product Type	Flexible Premium Deferred Annuity with Multiple Interest Crediting Strategies
Issue Ages	18-85 Qualified; 0-85 Non-qualified
Minimum Purchase Payment	\$10,000 initial Purchase Payment; Additional Purchase Payments: \$2,000 (Qualified), \$5,000 (Non-qualified).
Maximum Purchase Payment	\$750,000 for ages 0-80; \$500,000 for ages 81-85; Greater amounts require Company approval.
Bonus	Purchase Payments in the first three contract years will be increased by a Purchase Payment Bonus.
Guaranteed Minimum Surrender Value	The value of your annuity will not drop below the Guaranteed Minimum Surrender Value (GMSV). This value is 100% of the Purchase Payments, less any amounts withdrawn, plus interest credited at the GMSV Rate of 3%, less any early withdrawal charges that would apply on a full surrender.
Term	Currently one year for each strategy offered
Fees	There are <i>no</i> up-front sales charges or fees.

## WITHDRAWALS

10% Allowance	During the first contract year, you may withdraw up to 10% of the Purchase Payments. After the first contract year, you may withdraw annually up to 10% of annuity's Account Value (based on most recent Contract Anniversary), plus any Purchase Payments received since, without incurring early withdrawal charges. ( <i>\$500 minimum; Account Value must exceed \$5,000</i> )
Early Withdrawal Charges <sup>5</sup>	During contract years one through 12, withdraw more than 10% of the allowance discussed above or annuitize for a period of less than seven years, and incur charges based on contract year. ( <i>Refer to your Client Letter of Understanding for your early withdrawal charge schedule.</i> )

## RATES

Declared Interest Rate	Interest is credited daily on amounts held under a Declared Rate Strategy based on the applicable Declared Interest Rate. The Declared Interest Rate will be held constant throughout the term.
Indexed Interest Rate	For the Indexed Strategies currently available, the Indexed Interest Rate is determined, in part, by the growth in the values of the S&P 500 <sup>®</sup> , <sup>2</sup> and is credited only on the last day of the term.
Indexed Strategies	The Indexed Strategies currently available are monthly averaging and daily averaging. <sup>3</sup>
Index Spread	A percentage that may be subtracted from the index change when computing the Indexed Interest Rate.
Participation Rate	A percentage applied when determining the Indexed Interest Rate.
Cap	The Cap is the maximum change in the index used to determine the Indexed Interest Rate; please contact Great American Life or your agent for the current Cap (if any).

## WAIVERS

Long-Term Care <sup>6</sup>	Withdraw up to 100% of Account Value, without incurring an early withdrawal charge, if after the first contract year, you're confined to a long-term care facility or hospital for at least 90 consecutive days.
Terminal Illness <sup>6</sup>	Withdraw up to 25% of Account Value, without incurring an early withdrawal charge, if after the first contract year, you're diagnosed by a physician as having a terminal illness (prognosis of survival is 12 months or less). May be exercised only once over duration of contract.



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### ***Important Information***

*This brochure is not intended or written to be used as legal or tax advice. It cannot be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. It was written solely to support the sale of annuity products. The taxpayer should seek advice on legal or tax questions based on the taxpayer's particular circumstances from an independent attorney or tax advisor.*



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