

# FREEDOMFLEX®

*Where America Saves™*



## Your Guide to Financial Freedom



An exclusive benefit of the  
American Associations of  
Government and Private Employees  
[www.americanassociations.org](http://www.americanassociations.org)







# The American Dream

Like most Americans, our Association members have the expectation that when we retire, we will be able to kick back, relax and enjoy the “good life.” We dream of traveling first class and walking on the tropical beaches of the world. We dream of eating in the finest restaurants and driving nice cars. We dream of being able to play an afternoon game of golf or tennis whenever the notion hits us. Is this not what we deserve after a lifetime of hard work? We all deserve to live life to its fullest both now and in the future. FREEDOMFLEX® can help make your dreams come true.

Another dream our members have is to give their children a college education. Did you know that financial experts tell us that a child born today will need well over \$80,000\* for a four year college education in a public college, and a staggering \$250,000\* or more in a private college? By utilizing our Association’s Higher Education Program as well as FREEDOMFLEX® you can achieve this dream.

\*College Board Annual Survey of Colleges, 2010-2011

## *The Problem Isn't Earning the Money; It's Keeping It!*

The average retired worker receives \$1,177 per month from Social Security! Could you live on \$1,177 per month?

*(U.S. Social Security Administration – Statistical Abstract of the United States, 2011)*

6 out of 10 workers over the age of 65 do not have any pension plan coverage!

*(U.S. Department of Health and Human Services, 2010)*

About 1 out of every 15 persons over age 65 earn less than \$15,000 per year!

*(Administration on Aging, 2010)*

3.6 million senior citizens live below the Federal poverty level!

*(U.S. Department of Health and Human Services, 2010)*



The purchasing power of the dollar, as measured by consumer prices, lost 75% of its value from 1976 to 2010!

*(U.S. Bureau of Labor Statistics – Statistical Abstract of the United States, 2010)*

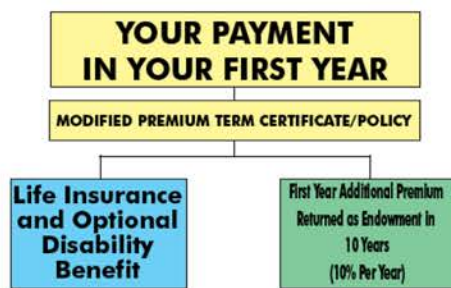


# The Solution is FREEDOMFLEX®

## In Your First Year

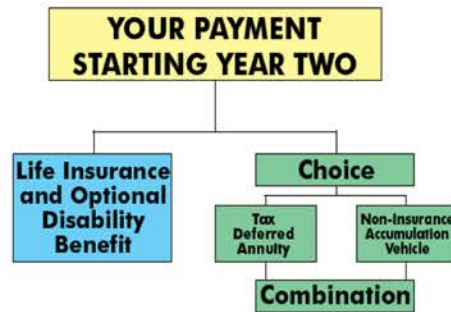
Your premium payments are transferred from either your checking account, savings account, or paycheck to an FDIC insured custodial account at a major bank. ISM Administrators\*, a licensed and bonded premium administrator, sends it on to Fidelity Security Life Insurance Company to purchase a Modified Premium Term To Age 100 Life Insurance Certificate/Policy. Part of your premium is allocated to the term life insurance and optional disability benefit portion of the Certificate/Policy. The remaining first year additional premium is allocated to the endowment portion of the Certificate/Policy and matures in 10 years. At the end of 10 years, this additional premium will be returned to you at about 260% of its original value, provided you do not cancel the plan before the initial 10 years are up.

\*17722 Irvine Blvd., Tustin, CA 92780



## Starting Year Two

Part of your payment is still allocated as your required premium for the term life insurance and optional disability benefit. The remaining payment now goes to work for you in your choice of an annuity or mutual fund (accumulation vehicles). Having a choice gives you control. Your automatic accumulation vehicle is a flexible premium deferred annuity. Your optional accumulation vehicle can be, for example, a no load mutual fund of your choice, in which case the investment company that you choose provides you with a prospectus, application, and full information at that time. Either way, 100% of your non-life insurance payment goes to work for you since there are no commissions going into someone's pocket. You may increase your accumulation payments at any time. (Results may vary depending on your selections).



## At the End of 10 Years

You now have the flexibility to determine what is best for you. You may stop your payments entirely or continue them for as long as you wish. Depending on your needs the insurance coverage may be renewed for another 10 years, cancelled, or continued as decreasing term insurance until age 100. Payments to your accumulation vehicle are also flexible. You may stop them after 10 years or continue as long as you wish.

Your representative can show you the amount of your benefits, and explain the results you might experience. An illustration will be provided with your Certificate.

- 1 • STOP INSURANCE  
• STOP PAYMENTS
- 2 • STOP INSURANCE  
• CONTINUE PAYMENTS
- 3 • CONTINUE INSURANCE  
• CONTINUE PAYMENTS





# Most Frequently Asked Questions

Q. Who can apply for a FREEDOMFLEX® Plan?

A. You must be an association member, under age 75, in good standing in order to apply for this benefit. You may also be in the association member's immediate family. Minimum coverage must be \$15,000.

Q. What is a Tax-Deferred Annuity?

A. It is a plan that lets you accumulate funds that can be used for retirement. The rate of accumulation may be substantially greater than with a conventional taxable accumulation program. Under current income tax laws (IRC Section 72) your annuity accumulates with compound interest on a tax-deferred basis. That means that the interest credited to your annuity grows 100% free of Federal, State and Local income taxes until you begin making withdrawals from the annuity. Additionally, the annuity value is stable and the principal value of your annuity is guaranteed. At retirement the annuity value may be used to help provide you with a lifetime income.

Q. How is interest credited to my Tax-Deferred Annuity?

A. Your annuity premiums and accumulated interest are credited with a current rate of interest which is compounded daily and credited monthly. The current rate of interest is declared each year based on current economic conditions, but will never fall below 2.00% as stated in the annuity.

Q. What if I die before retirement age?

A. The death benefit of your life insurance Certificate/Policy plus the value of your accumulation vehicle (if your accumulation vehicle is the flexible premium annuity) will be paid to your beneficiaries. The proceeds payable from the life insurance Certificate/Policy may be paid tax-free to your beneficiaries under IRC Section 101. Consult your tax advisor for details.

Q. How will I follow the growth of my accumulation values?

A. With the annuity, on each Certificate/Policy anniversary, you will receive an annual statement showing the premiums paid, the interest earned and any withdrawals that were made for the prior year. Any non-insurance accumulation vehicle that you have opted for will provide a statement for each transaction, as well as a year end statement.

Q. How do I access my accumulation value when I retire?

A. The flexible premium annuity allows you to make a lump-sum withdrawal from your account value or choose one of the four income options offered by the insurance company. They are, (1) a Life Annuity; (2) a Life Annuity with 10 or 20 year certain period; (3) fixed amount; (4) interest income.

The non-insurance accumulation vehicle may offer a lump sum or an automatic monthly withdrawal plan.

Q. What if I change jobs? Can I continue the FREEDOMFLEX® plan if I'm contributing through payroll deductions?

A. Yes. The Certificate/Policy is purchased and is owned by you. Notify your local representative or ISM Administrators immediately of any change in employment and you will be able to continue the program on an individual basis without any reduction in benefits.

Q. When do I choose my accumulation vehicle?

A. At the end of your first year you will receive a reminder letter from ISM Administrators. The letter will remind you that you have a choice of accumulation vehicles. Your automatic option is the flexible premium annuity which is attached to your Certificate/Policy. If you choose a no load mutual fund, you will deal directly with the registered investment company of your choice.

Q. What happens to my FREEDOMFLEX® program after 10 years?

A. At the end of the 10th year, you may choose (1) to renew the Certificate/Policy for another 10 years; (2) to direct all of your future payments to the accumulation vehicle; (3) to convert the program to a whole life Policy; or (4) stop payments and allow the accumulation vehicle to accumulate interest until retirement. If no choice is made in the 10th year, the Certificate/Policy will automatically renew as decreasing term to age 100. If you choose to direct all future payments to the accumulation vehicle or stop premium payments, your insurance Certificate/Policy and optional riders are discontinued and not in force.

Q. How may I obtain assistance and answers to additional questions which may arise in the future?

A. Your representative will be available to answer all questions you may have, or you may call ISM Administrators at 1-800-488-1474.

Q. What if I become disabled?

A. If purchased and if you become totally disabled before age 60, the optional waiver of premium rider will retroactively waive your life insurance premium (after a 6 month waiting period), and the monthly disability income rider can be used to continue payments to your non-insurance accumulation vehicle to age 65, according to the guidelines of the contract or rider.

Q. What if I become terminally ill?

A. If you are diagnosed with a medical condition that reduces life expectancy to 12 months or less, a request can be made to accelerate up to 50% of the death benefit (\$15,000 min. coverage required) if the accelerated death benefit rider is attached to the Certificate/Policy. The amount of death benefit remaining must be at least \$7,500.

UNDERWRITTEN BY FIDELITY SECURITY LIFE INSURANCE COMPANY, KANSAS CITY, MO 64141

Modified Premium Term to 100 Life Insurance Certificate/Policy M-1031, M-1033, Annuity R-02616.

If issued as a Certificate, you can renew your plan for your entire lifetime. If the group master Policy is terminated your coverage will be continued as a contract directly between you and the company. This brochure is only a brief description of the plan, exact provisions of the plan are contained in the Certificate/Policy.



FREEDOMFLEX® is arranged exclusively for licensed agents by  
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