



Balanced**Allocation**  
LIFETIME INCOME RIDER™

THE INCOME RIDER AS **UNIQUE** AS YOU.



# Why stop when it comes to planning your retirement income?

*A retirement plan isn't just about that moment when you retire, but all the stages of your retirement. You need an approach that will let you enjoy a long, comfortable, independent retirement; not just the first year, but also the fifth, the tenth, the twentieth and longer.*

**Along your retirement path, you'll face challenges and risks.**

- **Risks associated with volatile financial markets**

How will you protect your retirement income against downturns while taking advantage of some market upswings?

- **The risk you will outlive your income**

How can you create an income that will last a lifetime?

- **Risks of inflation eroding your purchasing power**

What can you do to protect your purchasing power from the effects of inflation over your life expectancy?

## We can help you stay in control.

**Having a retirement income plan can help you address these risks and maintain your standard of living during retirement.**

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Note: Subject to terms, conditions and limitations of the BalancedAllocation Lifetime Income Rider™ (BALIR™). See the rider and base annuity contract Disclosure Summaries for a more detailed explanation including definitions for the terms that are capitalized in this brochure. The BALIR™ is issued and backed by the strength of Aviva Life and Annuity Company and not guaranteed by any bank or the FDIC.

# How can market volatility impact your retirement?

After the events of the last few years, many people who are living in retirement or getting close to retirement are deeply concerned about **protecting their retirement savings** from future adverse markets.



“It pays to have a long-term plan, but in today’s world you need to avoid short-term surprises.”

It’s quite natural, as you near retirement or begin living in it, that you begin to take a closer look at how you’ll maintain your standard of living during retirement. You may have retirement assets that are exposed to direct market risks. If you are like many Americans today, you are concerned about how you’d be affected by a market downturn.

Although the long-term trend for financial markets has been quite positive, **there have been periods of significant volatility** – most recently from 2000 to 2002, and 2007 to 2009. The timing of events such as “dips,” “corrections” or “bear markets” could impact the amount of retirement income you desire.



After a decline, you'll need to **earn even greater returns** to make up for your losses.

### Rebounding from a Market Decline

\$100,000 starting value • 3 year market decline 26.1% cumulative • 35% return needed to get back to \$100,000

Year	Market Return	Year End Value
2000	-6.17%	\$93,830
2001	-5.35%	\$88,810
2002	-16.76%	\$73,926

**And look what can happen** when income is being withdrawn during a market decline...

3 year market decline 26.1% cumulative

Year	Market Return	5% Withdrawal /Yr	Year End Value
2000	-6.17%	\$5,000	\$89,139
2001	-5.35%	\$4,457	\$80,151
2002	-16.76%	\$4,008	\$63,382

▲ In 2002, due to negative market declines, a 5% withdrawal generated only \$4,008. This means it would take a 58% return to increase the principal back to the original amount so that the 5% annual withdrawal would again equal \$5,000.

“How important is it to you to protect at least a portion of your retirement assets?”

**Note:** These examples are hypothetical and for informational purposes only. They are not intended to depict any specific financial product. The market return percentages refer to movements in the Dow Jones Industrial Average<sup>SM</sup> for the time frame indicated. The use of other time frames, market movements and withdrawal assumptions would produce significantly different results.

# How long will your savings need to last?

People are adopting more active lifestyles, and medical advances are helping people live longer than ever before. In fact, since 1900, life expectancies generally have increased by over 25 years.<sup>1</sup> So, the good news is that you'll likely live longer than you ever expected! But, the longer you live, the longer your retirement savings will need to last.

Keep in mind though, that whatever life expectancy tables you review, usually half the population will live longer than expected.

How long will you live?			
A couple age 65 has a...	<b>50%</b>	chance that at least one spouse will live beyond	<b>92</b>
	<b>25%</b>	chance that at least one spouse will live beyond	<b>97</b>

Source: Society of Actuaries Annuity 2000 Mortality Table

“The longer you live, the longer your retirement savings will need to last.”

<sup>1</sup> National Center for Health Statistics, [www.cdc.gov/nchs](http://www.cdc.gov/nchs).



“As the life expectancy of U.S. residents continues to increase, the risk that retirees will outlive their assets is a growing challenge. In addition to the risk of outliving their assets, the sharp declines in financial markets and home equity during the last few years and the continued increase in health-care costs have intensified workers’ concerns about having enough savings and how to best manage those savings in retirement.”<sup>1</sup>

<sup>1</sup> Source: U.S. Government Accountability Office, “Retirement Income: Report to the Senate Special Committee on Aging,” June 7, 2011.

“How important is  
guaranteed income  
to you?”





# How much will retirement cost?

How much will your “bucket list” cost in 10 or 20 years?

While expenses go down as we age and become less active, the cost of living still rises.

The costs of medication, health care, food and utilities have historically risen over time. Even modest rates of inflation can make a big difference over time.

## Inflation: Its Effects Over a Twenty Year Period

	Food	Gas	Utilities	Health Care
				
	+72%	+191%	+109%	+129%
1998*	\$3,748	\$932	\$1,747	\$1,298
2008*	\$6,443	\$2,715	\$3,649	\$2,976
2028**	\$11,637	\$4,904	\$6,590	\$5,374

\* Source: United States Department of Labor, <http://stats.bls.gov/data/>.

\*\* Assumes an annual inflation rate of 3%.

“How can you protect your retirement income plan from a loss of purchasing power?”

Americans today need realistic approaches that will help them achieve a comfortable retirement, on their terms. You deserve a predictable “retirement paycheck.”

The **BalancedAllocation** Lifetime Income Rider™ (BALIR™) is an optional living benefit rider, which uses patented technology,<sup>1</sup> designed to enhance the **BalancedAllocation** Annuity® (BAA). The charge for this rider is deducted from earnings and will never invade your principal. Payments from the rider may be utilized in place of the annuity payments under the base annuity contract. The benefit of doing this is that you retain control over when and how much income is distributed from your base annuity contract while guaranteeing a lifetime “retirement paycheck.”

The **BalancedAllocation** Annuity® when combined with the BALIR™ can help you address these retirement risks:

- **Protection and potential growth in volatile financial markets**
  - **An income you can’t outlive**
    - **A “retirement paycheck” that can protect your purchasing power**



“You can be in control of your lifetime income.”

<sup>1</sup> U.S. patent number 7,590,583 and patent pending 12,538,504.

# Growth and Income Protection

Many Americans need help with recovering their retirement savings. Recovery means the need for retirement products that have the potential for growth and protecting your income against market downturns.

It's no longer a choice between growing your principal and protecting it from market volatility. The **BalancedAllocation Annuity®** combined with the **BALIR™** offers both.

## Your Income Base

The **BALIR™** provides the security of a minimum guaranteed Income Base that is protected from market volatility and grows during the Accumulation Years based on the crediting option you elect. It is used to determine your Lifetime Income Withdrawals. It is not an amount that has a "cash value," or surrender value that can be paid out to you in a lump sum.

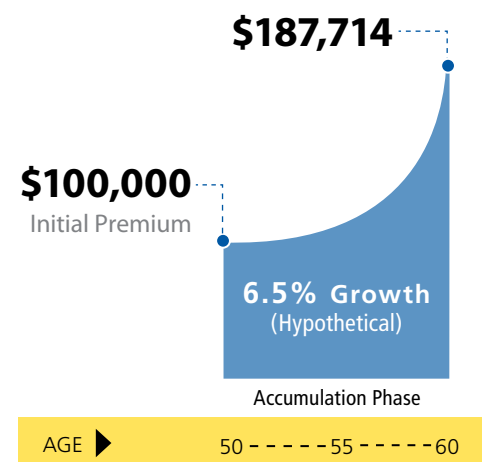
At the time of purchase, an Accumulation Value is established for your **BalancedAllocation Annuity®** and an Income Base is set up for your **BALIR™**. These two things are not the same. The **BalancedAllocation Annuity's®** Accumulation Value is the "cash value" of your fixed indexed annuity. On the other hand, the Income Base is used in the calculation of Lifetime Income Withdrawals.

As the Income Base grows, it is locked in and protected from market decline. Assuming you keep the **BALIR™** in effect, the Accumulation Years stop at the earlier of 18 years (if the 8 year extension is elected) or when Lifetime Income Withdrawals begin.

You have a choice of Income Base Crediting Options that includes guaranteed fixed interest or a combination of fixed interest and indexed interest, known as the **Stacked Growth Option™**.

## Fixed Interest Option

The fixed interest income base crediting option credits guaranteed fixed interest to your Income Base during the initial Accumulation Years.

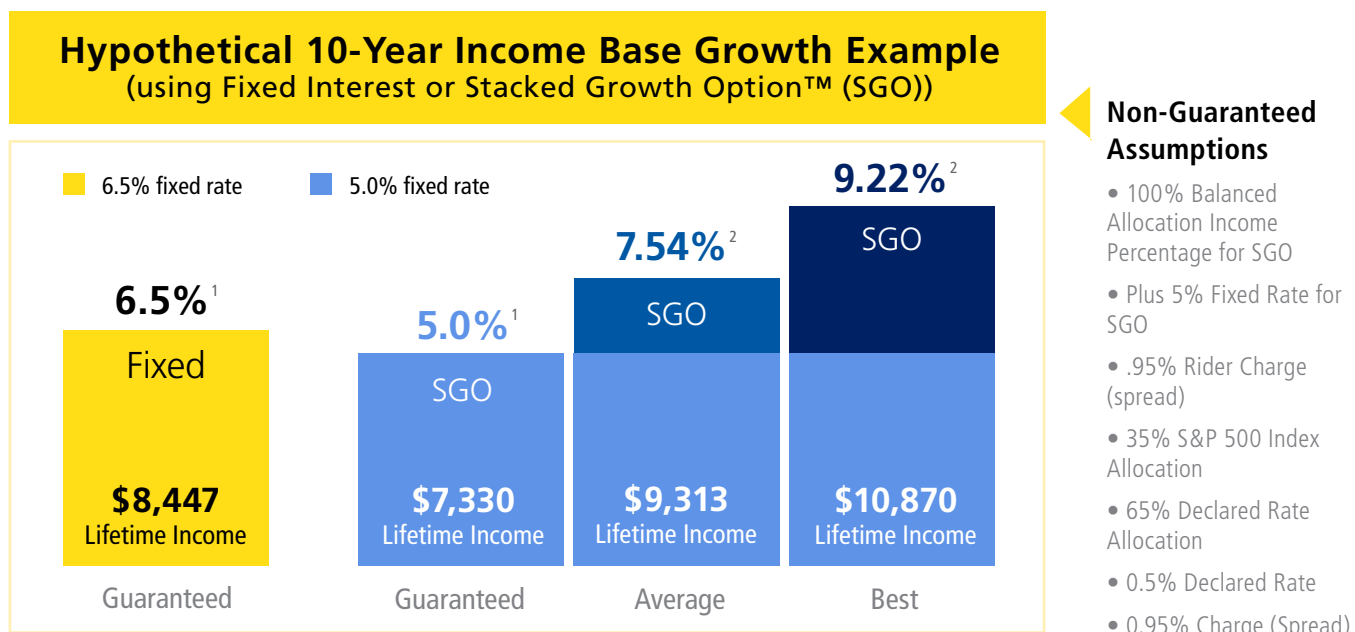


## Stacked Growth Option™

The patented BALIR™ offers an indexed income base crediting option that addresses retirement risks by offering a powerful combination. That combination stacks interest tied in part to the S&P 500 index on top of a fixed interest rate.

Compared to other traditional lifetime income riders, this option has above average growth potential, particularly in times of low interest rates. This growth is tied to interest credited to your BalancedAllocation Annuity®. But regardless of whether interest is actually credited to the base annuity contract, the Income Base also has a fixed interest rate.

*Below is a hypothetical example showing how the BALIR™ Income Base Crediting Options would have performed over ten year periods based on last 30 years ending 12/31/11.*



<sup>1</sup> Growth assumptions are guaranteed only during the initial Accumulation Years.

<sup>2</sup> Annualized rate based on the dollars of index credit on the base annuity contract Accumulation Value applied each Term End Date.

This hypothetical example assumes you started with a \$100,000 initial premium growing from age 50 until you begin Lifetime Income Withdrawals on a single life basis at age 60. You would draw income based on 4.5% of your Income Base. This example assumes a new contract was issued each business day over the last 30 years utilizing the closing price of the S&P 500 Stock Index on those days. This example assumes that the contract was then held for 10 years with no withdrawals or surrenders. This example assumes an Index Allocation and a Declared Rate Allocation as listed above for all years. These allocation percentages and rates are not guaranteed; the use of alternate rate assumptions would produce significantly different results. Although this product was not available for the period of time referenced above, actual historical prices of the S&P 500 Stock Index have been used in this example. This example is intended solely for comparative values and is not an indication of the annuity's past or future performance.

“With the BalancedAllocation Annuity® and BALIR™, you have the best of both worlds: guaranteed growth in the Income Base complemented by indexed earnings that offer potential future income increases.”

## Income You Cannot Outlive

Americans today need realistic approaches that will help them achieve a comfortable retirement, on their terms. You deserve a predictable “retirement paycheck.”

BALIR™ puts you in control and helps you address the major challenges of creating your retirement income.

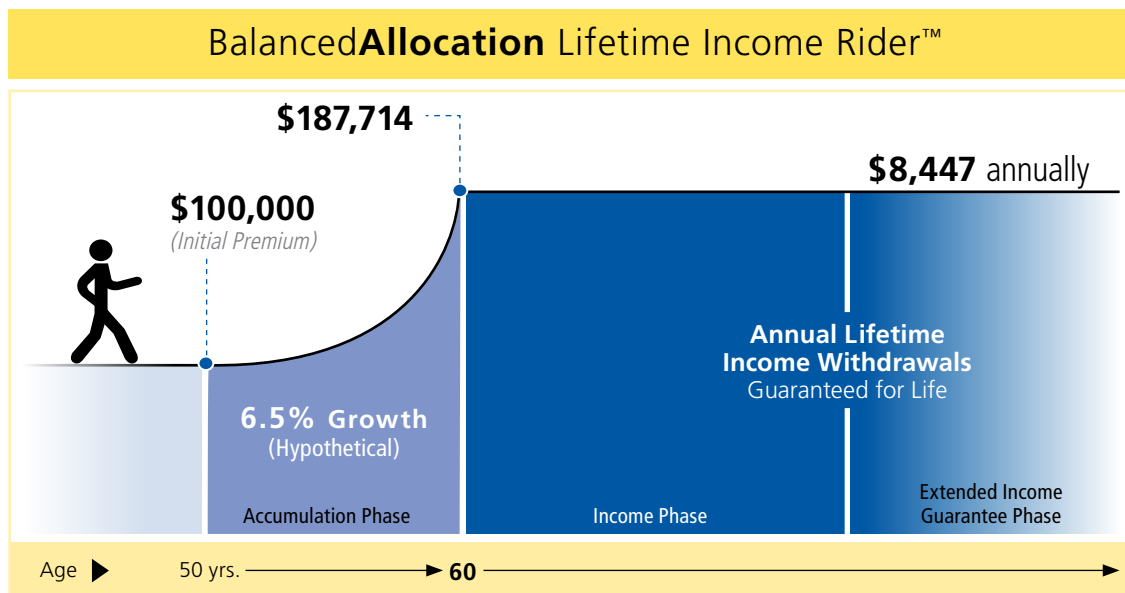
“Once started, no matter what happens in financial markets, BALIR™ ensures your Lifetime Income Withdrawals won't be reduced due to market volatility.”

That's why BALIR™ offers an income stream that you cannot outlive, with flexibility that allows you to control when it starts and stops. The Income Phase of the rider starts when you begin your Lifetime Income Withdrawals. You can elect to have a stream of Lifetime Income Withdrawals based on your life alone or include your spouse in a joint income that will continue so long as one of you survives. Lifetime Income Withdrawals will continue even if they ultimately reduce your BalancedAllocation Annuity's® Accumulation Value to zero. This is called the Extended Income Guarantee Phase of the rider.

## How do Lifetime Income Withdrawals work?

Your Lifetime Income Withdrawals are determined by your age and the income option you elect. Generally, the longer you wait to take income the greater your income withdrawals will be. Further, you will get Lifetime Income Withdrawals based on the greater of your Income Base or the Accumulation Value of your base annuity contract.

Whether you need income now or you can wait, BALIR™ can provide guaranteed income as desired.



### Hypothetical Assumptions

For example, if you started with a \$100,000 initial premium at age 50 and you begin Lifetime Income Withdrawals on a single life basis at age 60, you would draw income based on 4.5% of your Income Base or up to \$8,447 annually for life, even if the Accumulation Value of the base annuity contract drops to zero.

“To help protect against the unexpected, you insure what is important to you—whether it’s your car, your home or even your life. Shouldn’t you consider doing the same with your retirement income?”

## A “Retirement Paycheck” to Supplement Your Retirement Income

After you reach the minimum age, you can decide when to begin your Lifetime Income Withdrawals. Once started, they are guaranteed for you and your spouse’s lifetime (if you choose to have a joint income option instead of a single life option). You can also stop and restart the Lifetime Income Withdrawals if your life circumstances change.



**BALIR™ gives you a choice of options for determining your Lifetime Income Withdrawals** (as noted in the chart on the next page).

- Level Income option pays a constant amount over the duration of your withdrawals. This offers the highest initial rate of income withdrawals.
- Inflation-Indexed Income option increases your income over time based on increases in the Consumer Price Index (CPI).



## How the Income Options Work

Hypothetical example of withdrawals for 65 year old starting with \$100,000 Income Base.

Income option	Year 1	Year 5	Year 10	Year 20
Level	\$5,000	\$5,000	\$5,000	\$5,000
Inflation-Indexed <sup>1</sup>	\$4,000	\$4,502	\$5,219	\$7,014

With BALIR™, you have the option to protect the purchasing power of your lifetime income by electing the Inflation-Indexed Income option.

“How much will your ‘bucket list’ cost in 10 or 20 years? Most likely, it will cost more. That’s why we’ve created ways to help increase your future income so you don’t have to miss anything on that list.”

<sup>1</sup> Assumes 3% annual change in the CPI.

# The Balanced**Allocation** Annuity® when combined with the BALIR™ can help you address the risks of retirement.

The patented BALIR™ is an optional living benefit rider designed to be added to the Balanced**Allocation** Annuity® at the date of purchase for an additional charge. It may be a good fit for you if you're concerned about the impact that longevity, inflation, market volatility and unexpected expenses might have on your financial security and lifestyle.



## The Balanced**Allocation** Annuity® and BALIR™ offer strong guarantees to protect your savings from common retirement risks. You receive:

- an Income Base with a guarantee. This Income Base provides a guaranteed starting point and a safety net which grows up to 18 years (an initial 10 year period plus 8 year extension). It's used to determine your life time income. The Income Base is used in the calculation of Lifetime Income Withdrawals. **It is not a component of the Balanced**Allocation** Annuity's® Accumulation Value, and it is not available as part of the base annuity contract's cash surrender value.**
- protection from market downturns. Neither your Income Base nor your Lifetime Income Withdrawals will decline due to market volatility, whether it occurs before or during your retirement.
- a guaranteed stream of payments that you can't outlive. These payments are called Lifetime Income Withdrawals.

## The BALIR™ can also offer you important additional benefits including:

- an option to enhance the growth of your Income Base by stacking part of the appreciation of the S&P 500® Index on top of a fixed interest rate;
- an option to link your guaranteed income to the CPI and protect it against loss of purchasing power; and
- additional income when you may need it most, subject to certain conditions, should you become unable to care for yourself.<sup>1</sup>



# BALIR™: Make it the foundation for your independent retirement lifestyle.

<sup>1</sup> Limitations apply; see the BALIR™ Disclosure Summary for more information. Not available in all states.

# Can we customize an income plan for your future income needs?

BALIR™ can be a valuable addition to your overall approach to retirement savings. When considering your own personal needs and objectives, take a look at BALIR™ as an important complement to traditional retirement vehicles such as:

**Money Market Funds**

**Certificates of Deposit**

**Traditional Annuities**

**Bonds**

**Mutual Funds**

**Qualified Plans and IRAs**

## Let's check and see...

### **Professional advice never loses value**

What you do now may significantly impact you and your family. We encourage you to consult with your tax professional and other advisors. These professionals have the insight and expertise to help you make the right decisions for your unique financial and tax situation.

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Amounts withdrawn, including Lifetime Income Withdrawals, may be subject to income tax, and also a 10% tax penalty (if you are under age 59 1/2 at the time of the withdrawal).

You've followed your  
own path your entire life.



When you think about a plan of lifetime income withdrawals, the quality of the institution standing behind those guarantees matters.

We are honored that you've put your trust in Aviva. We won't let you down.

As you read this, thousands of Aviva associates are focused on our three-letter mission statement: **YOU.**

**We are ...**

- making business and investment decisions that will ensure we can meet our obligations to you and your loved ones.
- developing new ways to provide better service to you.
- challenging ourselves to reinvent the way we look at life insurance and annuities, so we can continue to meet the financial needs of a changing world—your world.
- most of all, we're drawing on the experience we've gathered from our more than 300-year legacy. As the oldest continuously-operating insurance group in the world, Aviva has endured and thrived through centuries of war and peace, booms and recessions and constant change. The highs and lows have taught us to be prepared so you can count on us, especially during times of uncertainty.

We never forget that our business is about the people we insure. **It's about you.** We want to help you achieve peace of mind and prosperity with Aviva.

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**You** can count on us to be here when you need us.

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