HIGHLANDER™

Fixed Indexed Annuity

Protecting You in Retirement.

GUGGENHEIM LIFE AND ANNUITY

Whether you have thought about it yet or not, life in retirement has a new set of financial risks that may keep you from enjoying your time the way you had always dreamed. That's where we come in and to offer peace of mind by:

- ✓ Eliminating the risk of market fluctuation
- ✓ Helping you avoid poor market timing
- ✓ Providing guaranteed income for the rest of your life
- ✓ Better potential to keep pace with inflation

Annuities are an important tool in planning and sustaining income for the future. Deferred annuities accumulate money tax-free for a period of time. Your premium will receive earned interest as well as enjoying income tax deferral, which results in a secure and dependable account balance. Immediate annuities provide a reliable and predictable income that you cannot outlive. Guggenheim Life and Annuity Company offers these tools with your future in mind.

The Highlander is a single premium deferred fixed indexed annuity that allows you to accumulate funds, benefit from tax deferral, maintain a simplified allocation, and can provide a living benefit of income that can last as long as you live.

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Meet
John and Annie

For the past 25 years, John has been working as a manager of a staffing firm and Annie as a registered nurse at the local hospital. After raising two children and seeing them graduate college, it's time they start thinking about their future.

Annie became concerned after speaking with a co-worker at his retirement party when he said, "I just hope I have enough money to get through the rest of my life." It was this uncertainty that made Annie worried about her and John's retirement, so they met with their financial advisor. John and Annie, both 55 years old, wanted to make sure they started planning before it got too late to make an impact on their retirement.

After evaluating John and Annie's goals, their advisor knew the Highlander Fixed Indexed Annuity from Guggenheim Life and Annuity would address their concerns.

Let's take a look at how selecting the Highlander can start to put these retirement worries behind them.

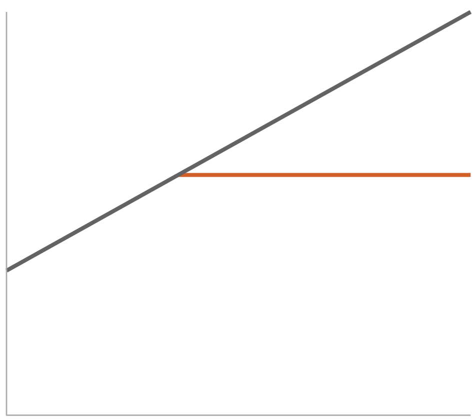
The Risk
Market Fluctuation

John remembers his accounts taking a sizable hit during the last recession and knows they were lucky to have the time to regrow their assets to their previous values. However, for John and Annie, time is no longer on their side. A big loss in their assets could mean rethinking retirement or putting it off all together!

The Highlander offers exactly what John and Annie need to meet their retirement objectives: the potential to capitalize on a portion of the S&P 500 Index if it grows during the contract year, and the protection of not losing any of their account balance if the index should incur a loss in the contract year.

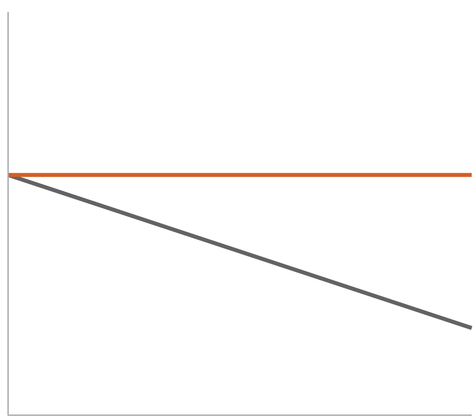
This is accomplished by the use of an index "Cap" strategy. Simply put, John and Annie will receive 100% of the index's gains up to the designated cap rate for the contract year. If and when the index has a negative year, they will maintain the same account balance minus any rider fees associated with the contract.

Positive Market Sample



Cap Rate

Negative Market Sample



Account Balance

The Risk
Sequence of Returns

There is another risk that many people, including John and Annie, weren't aware of until they sat down with their financial advisor. This potential risk could lead to negative returns early in retirement, which could drastically effect the entire retirement picture.

The reason many aren't aware of this risk is it isn't a factor during the accumulation years. Luckily for them, the Highlander prevents any negative account balance movement due to market losses. In fixed indexed annuities, zero is definitely your hero.

We can see how this all changes in these two hypothetical examples. The example starts with $250,000.

Sequence of Returns During Accumulation Phase

Hypothetical Annual Returns	Hypothetical Account Value	Reversed Hypothetical Annual Returns	Reversed Hypothetical Account Value
17.31%	$293,275	-9.17%	$227,075
9.24%	$320,374	-13.67%	$196,034
5.20%	$337,033	1.45%	$198,876
14.35%	$385,397	-8.47%	$182,032
12.47%	$433,456	-16.34%	$152,288
-16.34%	$362,630	12.47%	$171,278
-8.47%	$331,915	14.35%	$195,856
1.45%	$336,728	5.20%	$206,041
-13.67%	$290,697	9.24%	$225,079
-9.17%	**$264,040**	17.31%	**$264,040**

During the Accumulation Phase, the sequence of returns has no affect on the final accumulated value. This is not true during the Distribution Phase.

Sequence of Returns During Distribution Phase

Hypothetical Annual Returns	Hypothetical Account Value	Withdrawal of $15,000 per Year	Reversed Hypothetical Annual Returns	Reversed Hypothetical Account Value
17.31%	$278,275	$15,000	-9.17%	$212,075
9.24%	$288,988	$15,000	-13.67%	$168,084
5.20%	$289,015	$15,000	1.45%	$155,522
14.35%	$315,489	$15,000	-8.47%	$127,349
12.47%	$339,830	$15,000	-16.34%	$91,540
-16.34%	$269,302	$15,000	12.47%	$87,955
-8.47%	$231,492	$15,000	14.35%	$85,577
1.45%	$219,849	$15,000	5.20%	$75,027
-13.67%	$174,795	$15,000	9.24%	$66,959
-9.17%	**$143,767**	$15,000	17.31%	**$63,550**

During the Distribution Phase, the sequence of returns is very important. Negative returns in the first few years can dramatically change your future balances.

The Risk
Outliving Your Money

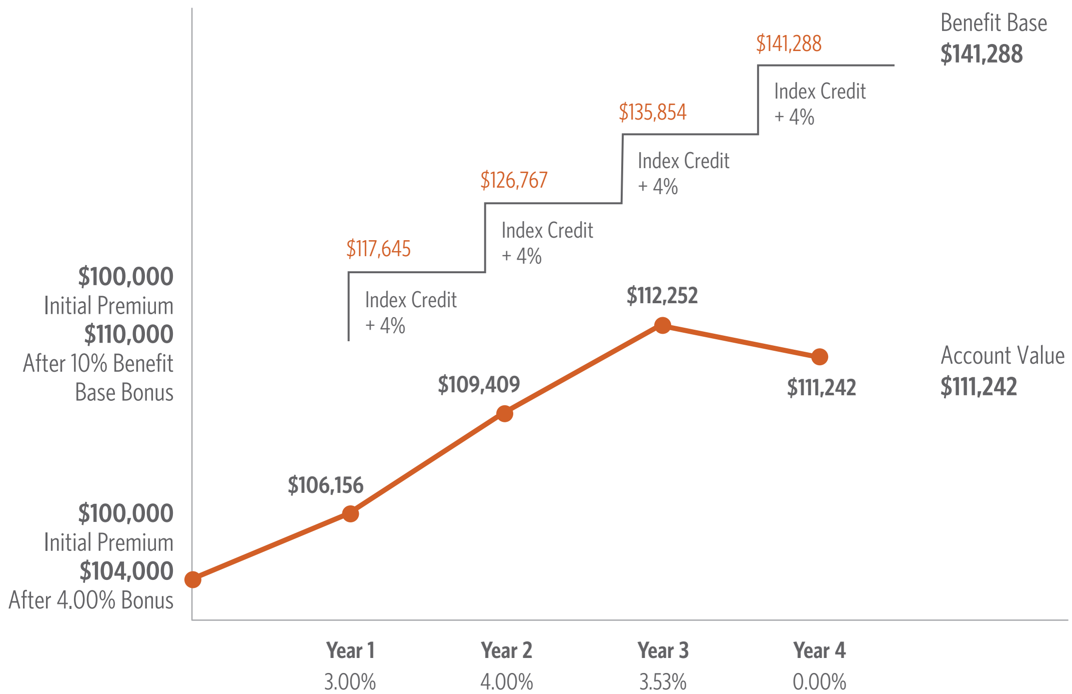
Now that John and Annie feel a little more confident in their retirement knowing there is a product that allows them to receive a portion of the market gains with protection against losses, Annie brings up another worry of hers... longevity.

It is now common to live up to 25 years in retirement and, for many, even longer! Annie is concerned that they will outlive their money. The Highlander has a Lifetime Withdrawal Rider that may be exactly what they are looking for to keep them from outliving their nest egg.

The Lifetime Withdrawal Rider is an optional benefit with the Highlander at an additional cost. The rider guarantees you can withdraw a minimum amount of income from your annuity each year as long as you live.

The Highlander's Lifetime Withdrawal Rider provides income protection and growth opportunities along with the security of knowing your income is guaranteed to last a lifetime.

Hypothetical Index Credit



*Account values reflect applied rider charge.

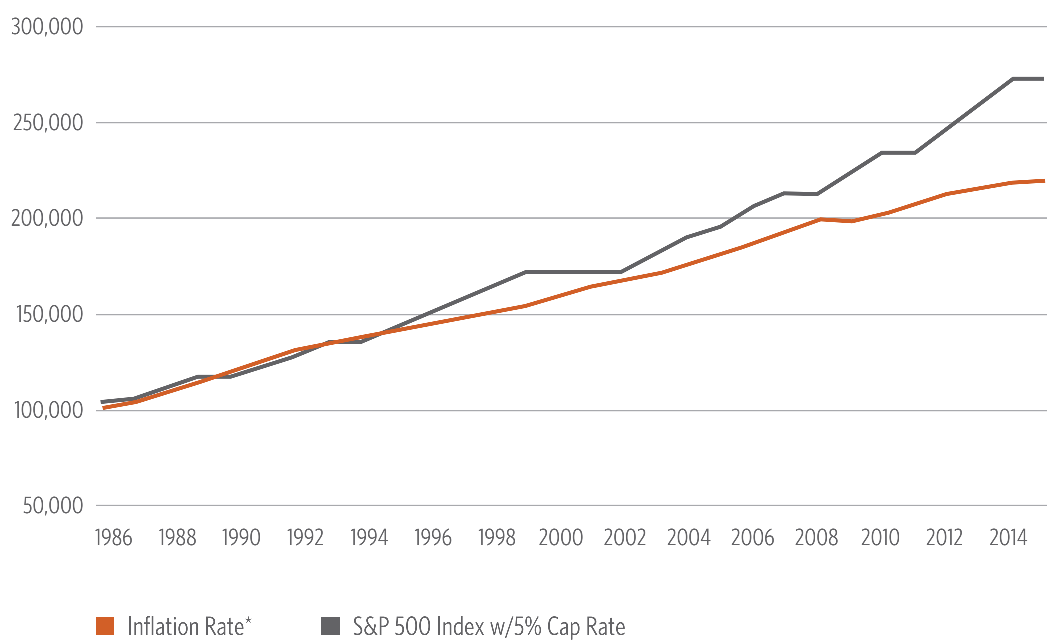
The Risk
Inflation

John mentions, during the conversation with their financial advisor, that the Highlander sounds like a good fit, but he's still contemplating other alternatives that are low risk and low return options.

The main issue with holding assets in cash is the risk of inflation over time. Effectively, what once bought two candy bars now may only be enough to afford one. Candy bars may not be a major concern, but having enough income in retirement sure is for John and Annie.

Thankfully, with the Highlander, not only does their income never decrease if they don't take any excess withdrawals, it has the opportunity to increase over time. Let's take a look at how an investment in the S&P 500 with a "Cap Rate" has compared to the historical U.S. inflation rate over the past 30 years.

S&P 500 Index with Cap vs. U.S. Inflation Rate



After meeting with their financial advisor, John and Annie feel better knowing they have a plan set in place for retirement that protects them from these four key risks.

They knew there were risks, but never had someone explain them. They now have peace of mind knowing that the Highlander is protecting them against these unwanted risks in retirement.

The Highlander will provide John and Annie a guaranteed income, much like a pension, to supplement their retirement needs for the rest of their lives. This gives John and Annie guaranteed safety to be able to enjoy their retirement and the control of their tax situation.

Key Features of the Highlander Annuity

Issue Age Range
0-80

Premiums
Minimum Qualified
$5,000

Minimum
Non-Qualified
$10,000

Additional Premium
Minimum
$500 (1st year only)

Maximum Premium
$1,000,000

Tax Deferral

Federal income tax on interest accumulated in the Highlander is deferred until a withdrawal is made. This means interest is earned on money that would otherwise be taxed. If the money is withdrawn from the contract before age 59 1/2, a tax penalty may be owed.

Free Withdrawals

A single penalty-free withdrawal up to 10% of the account value, may be taken beginning in the second contract year. Surrender charges and market value adjustment will be waived on free withdrawal amounts. Please refer to the contract for full details.

Nursing Home Care

Should the owner become confined to a nursing home, the Highlander provides access to the full account value, without surrender charges or applicable market value adjustments. The benefit becomes available after the first contract anniversary. The contract must be issued prior to the owner's age of 76 and the confinement in a nursing home must be for at least 90 continuous days after the contract has been inforce at least one year. Not available in MA.

Terminal Illness

If the owner is diagnosed with a critical illness or is deemed terminally ill by a physician, the Highlander allows withdrawals up to the full account value without surrender charges or market value adjustments. Please refer to contract for full details.

Death Benefit

The Highlander pays your named beneficiary the full account value on death. Options for income payments may be available instead of taking a lump sum. If the spouse is the sole Primary Beneficiary, they have the option to continue the annuity in the surviving spouse's name.

Premium Bonus

A premium bonus of 4% will be added to the Account Value for all premium deposited in the first year. A recapture charge may be applied for early withdrawals. This bonus is not applied to the Lifetime Withdrawal Rider.

Definition and Key Terms

Fixed Rate Strategy Value

A fixed rate strategy value equals the amount applied to the 1-year fixed rate strategy, less rider charges and any amounts withdrawn, including any early surrender charges deducted from those amounts, plus interest credited at the 1-year fixed interest rate.

Indexed Strategy Value

An indexed strategy value equals the amount applied to an indexed strategy, plus Index Credits, if any, less any rider charges and gross withdrawals.

Account Value

The account value equals the premium you pay into your annuity and any interest we credit. Withdrawals, surrender charges, and any other fees or charges will decrease your account value dollar-for-dollar.

Surrender Value

The surrender value equals the account value, plus or minus the market value adjustment that would apply on a surrender, and minus the surrender charge that would apply on a surrender. Your cash surrender value will never be less than the Minimum Guaranteed Contract Value.

Participation Rate

A participation rate is a preset limit that we use to calculate the Index Credit for an index allocation with some crediting methods. The participation rate for the first Contract Year is established when you purchase your Contract. On the Contract Anniversary of the Term, we may change this rate for the coming Term, but it will never be less than the guaranteed minimum.

Cap

A cap is a preset limit that we use to calculate the Index Credit for an index allocation with some crediting methods. With some point-to-point crediting options, we apply a cap. The interest rate is equal to the index return, but no more than the cap percentage. Caps for the first Term are established when you purchase your Contract. On the Contract Anniversary of the Term, we may change these caps for the coming Term. Caps will never be less than the guaranteed minimum rate.

Point-to-Point

The index credit is based on the gain in the index from two points in time, the beginning of the Term and the end of the Term.

Index Credits

The Index Credit is the amount credited to the Strategy at the end of each Term. It is calculated by applying the rates from the particular strategy to the growth in the index over the Term. Credits can only be applied at the end of the Term.

Market Value Adjustment

Any amounts that are assessed a surrender charge will also be subject to an MVA, which may increase or decrease the Account Value. The MVA generally increase the contract withdrawal value when interest rates fall, and decrease the contract withdrawal value when interest rates rise.

The MVA is not applied:

a) At the end of the surrender charge period;

b) To free withdrawals;

c) To the death benefit for death of owner.

Not applicable in all states.

Is the Highlander right for you?

Do other options often seem too complicated?

In today's environment of multiple investment options and ways to prepare for retirement, it is quite easy to have it all become much too complicated. The Highlander focuses on simplifying this daunting task by offering the opportunity to enjoy the positives of the S&P 500 market index, while mitigating the risk of a declining market.

Would you like peace of mind?

The Highlander annuity gives you the opportunity to grow your assets and build income for the future. The simplicity of one index, the guarantee of a fixed account, and growing income potential provides balance and peace of mind!

Does your money have good balance?

In our early accumulation years, it is okay to take on risk for the potential of greater returns. Many nearing retirement decide to flip the switch and go a completely conservative route. With the Highlander, there is an option for balance of capturing a portion of the gains in the market and protecting you against any market downturns.

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