Retirement.

It’s a big step and one you’ve spent your whole career saving for and building on. As you enter retirement, you need to look for secure retirement income vehicles that can help you enjoy this wonderful phase of your life – and answer some important questions:

- Will I have enough money to retire?
- How much money can I live on?
- How safe are my retirement assets?
- What happens if I become ill?
- Will I be a financial burden to my family?

The Security Benefit Foundations Annuity, a fixed indexed annuity issued by Security Benefit Life Insurance Company, can be a sensible part of your income plan and help build a solid foundation for your retirement. With the Foundations Annuity, you can secure a part of your retirement savings and create guaranteed income for life.

In the pages that follow, we’ll look at three important concepts that relate to the core foundation of your retirement savings: The Retirement Challenge, Protecting Your Savings and The Income Solution.

The Income Solution discussed in this brochure is available through the Foundations Annuity optional Guaranteed Lifetime Withdrawal Benefit (GLWB) Rider. The GLWB Rider is described in the Guaranteed Lifetime Withdrawal Benefit Rider brochure. These brochures highlight the features and guarantees of the Security Benefit Foundations Annuity and the optional Guaranteed Lifetime Withdrawal Benefit Rider. They should be read and given careful consideration before purchasing the Foundations Annuity and the GLWB rider. For more specific information, see your annuity contract.
The Retirement Challenge

Thinking about retiring and considering your financial situation doesn’t have to be an intimidating experience. As you prepare for retirement, it’s important to understand some key challenges that you and many other retirees may face. Creating a retirement income plan and strong financial footing that’s right for you should address at least three important retirement challenges:

1. SEQUENCE OF RETURNS
   Transfer assets away from risk

As you near or enter retirement, the impact of the risk of the financial markets on your retirement changes significantly. When you were saving for retirement, time was on your side and you could ride out the ups and downs of the market. Time is no longer on your side as you start taking cash out of your nest egg. Market losses right before or as you begin retirement not only diminish years of smart saving, but they can increase your risk that you will run out of income during retirement.

Simply stated, if market losses occur as you enter retirement or in the early years of retirement, the risk of running out of retirement income is much higher than if such losses occur later in retirement. This principle is known as the sequence of returns risk.
JOHN AND SUSAN:
A question of timing and risk

We can illustrate the sequence of returns with the tale of two retirement savers: John and Susan, who started off on the right path but ended up in very different places. Both started with a nest egg of $500,000 at age 65 and began taking withdrawals each year initially equal to 5% of $500,000 and increasing by 3% each year to account for inflation. In each case, John and Susan averaged an 8.03% annual return, and both savers experienced three terrible years in the market. But they had vastly different results because of when the market losses occurred: John experienced the market losses at age 65-67. Susan experienced the same losses but much later in retirement.

<table>
<thead>
<tr>
<th>JOHN’S MARKET LOSSES</th>
<th>SUSAN’S MARKET LOSSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>-10.14% at age 65</td>
<td>-23.37% at age 87</td>
</tr>
<tr>
<td>-13.04% at age 66</td>
<td>-13.04% at age 88</td>
</tr>
<tr>
<td>-23.37% at age 67</td>
<td>-10.14% at age 89</td>
</tr>
</tbody>
</table>

For a detailed look at the Account Values for John and Susan, turn the page.
The Initial Account Value for both John and Susan is $500,000.

<table>
<thead>
<tr>
<th>Age</th>
<th>John Hypothetical market gains or losses</th>
<th>Withdrawal at start of year</th>
<th>Account Value at end of year</th>
<th>Susan Hypothetical market gains or losses</th>
<th>Withdrawal at start of year</th>
<th>Account Value at end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>64</td>
<td>4.96%</td>
<td>$500,000</td>
<td>$500,000</td>
<td>-10.14%</td>
<td>$25,000</td>
<td>$475,000</td>
</tr>
<tr>
<td>65</td>
<td>-10.14%</td>
<td>$25,000</td>
<td>$475,000</td>
<td>12.78%</td>
<td>$25,000</td>
<td>$535,705</td>
</tr>
<tr>
<td>66</td>
<td>-13.04%</td>
<td>$25,750</td>
<td>$348,250</td>
<td>23.45%</td>
<td>$25,750</td>
<td>$629,539</td>
</tr>
<tr>
<td>67</td>
<td>-23.37%</td>
<td>$26,523</td>
<td>$246,949</td>
<td>26.38%</td>
<td>$26,523</td>
<td>$762,093</td>
</tr>
<tr>
<td>68</td>
<td>14.62%</td>
<td>$27,318</td>
<td>$251,740</td>
<td>3.53%</td>
<td>$27,318</td>
<td>$760,712</td>
</tr>
<tr>
<td>69</td>
<td>2.03%</td>
<td>$28,138</td>
<td>$228,142</td>
<td>13.62%</td>
<td>$28,138</td>
<td>$832,351</td>
</tr>
<tr>
<td>70</td>
<td>12.40%</td>
<td>$28,982</td>
<td>$223,856</td>
<td>3.00%</td>
<td>$28,982</td>
<td>$827,470</td>
</tr>
<tr>
<td>71</td>
<td>27.25%</td>
<td>$29,851</td>
<td>$246,871</td>
<td>-38.49%</td>
<td>$29,851</td>
<td>$490,615</td>
</tr>
<tr>
<td>72</td>
<td>-6.56%</td>
<td>$30,747</td>
<td>$201,946</td>
<td>26.38%</td>
<td>$30,747</td>
<td>$581,182</td>
</tr>
<tr>
<td>73</td>
<td>26.31%</td>
<td>$31,669</td>
<td>$215,077</td>
<td>19.53%</td>
<td>$31,669</td>
<td>$656,832</td>
</tr>
<tr>
<td>74</td>
<td>4.46%</td>
<td>$32,619</td>
<td>$190,595</td>
<td>26.67%</td>
<td>$32,619</td>
<td>$790,691</td>
</tr>
<tr>
<td>75</td>
<td>7.06%</td>
<td>$33,598</td>
<td>$168,081</td>
<td>31.01%</td>
<td>$33,598</td>
<td>$991,867</td>
</tr>
<tr>
<td>76</td>
<td>-1.54%</td>
<td>$34,606</td>
<td>$131,420</td>
<td>20.26%</td>
<td>$34,606</td>
<td>$1,151,203</td>
</tr>
<tr>
<td>77</td>
<td>34.11%</td>
<td>$35,644</td>
<td>$128,445</td>
<td>34.11%</td>
<td>$35,644</td>
<td>$1,496,076</td>
</tr>
<tr>
<td>78</td>
<td>20.26%</td>
<td>$36,713</td>
<td>$110,316</td>
<td>-1.54%</td>
<td>$36,713</td>
<td>$1,436,888</td>
</tr>
<tr>
<td>79</td>
<td>31.01%</td>
<td>$37,815</td>
<td>$94,984</td>
<td>7.06%</td>
<td>$37,815</td>
<td>$1,497,848</td>
</tr>
<tr>
<td>80</td>
<td>26.67%</td>
<td>$38,949</td>
<td>$70,979</td>
<td>4.46%</td>
<td>$38,949</td>
<td>$1,523,965</td>
</tr>
<tr>
<td>81</td>
<td>19.53%</td>
<td>$40,118</td>
<td>$36,888</td>
<td>26.31%</td>
<td>$40,118</td>
<td>$1,874,248</td>
</tr>
<tr>
<td>82</td>
<td>26.38%</td>
<td>$36,888</td>
<td>$0</td>
<td>-6.56%</td>
<td>$41,321</td>
<td>$1,712,687</td>
</tr>
<tr>
<td>83</td>
<td>-38.49%</td>
<td>$36,888</td>
<td>$0</td>
<td>27.25%</td>
<td>$42,561</td>
<td>$2,125,235</td>
</tr>
<tr>
<td>84</td>
<td>3.00%</td>
<td></td>
<td></td>
<td>12.40%</td>
<td>$43,838</td>
<td>$2,339,491</td>
</tr>
<tr>
<td>85</td>
<td>13.62%</td>
<td></td>
<td></td>
<td>2.03%</td>
<td>$45,153</td>
<td>$2,340,913</td>
</tr>
<tr>
<td>86</td>
<td>3.53%</td>
<td></td>
<td></td>
<td>14.62%</td>
<td>$46,507</td>
<td>$2,629,848</td>
</tr>
<tr>
<td>87</td>
<td>26.38%</td>
<td></td>
<td></td>
<td>-23.37%</td>
<td>$47,903</td>
<td>$1,978,545</td>
</tr>
<tr>
<td>88</td>
<td>23.45%</td>
<td></td>
<td></td>
<td>-13.04%</td>
<td>$49,340</td>
<td>$1,677,637</td>
</tr>
<tr>
<td>89</td>
<td>12.78%</td>
<td></td>
<td></td>
<td>-10.14%</td>
<td>$50,820</td>
<td>$1,461,858</td>
</tr>
<tr>
<td></td>
<td><strong>Average return</strong></td>
<td><strong>Total withdrawal</strong></td>
<td><strong>Average return</strong></td>
<td><strong>Total withdrawal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>8.03%</td>
<td>$580,928</td>
<td>8.03%</td>
<td>$911,482</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Income Difference: $330,554  
Total Account Difference: $1,461,858
Simply due to when the market losses occurred, John ran out of money at 82, while Susan still had plenty of money to fund her entire retirement!

One of the key strategies to help avoid risk related to the sequence of returns is to transfer assets away from market risk into guaranteed savings vehicles.

Susan’s Account Value at age 89

$1,461,858*

John’s Account Value at age 82

$0*

John’s and Susan’s nest eggs at age 65

$500,000

*Represents Account Value at end of year.
2. LONGEVITY RISK
Outliving your money

Most Americans retire in their early 60s. In fact, the average retirement age is approximately 63. By age 65, 68% of us are retired. The critical question is, “How long will you live and is your savings structure sound?” For example, look at the charts above to see today’s odds of living a long life.

For a couple, there is a 50% chance one partner will be alive at age 92, and a 25% chance one will be alive at age 97.¹

What does this mean to you? You need to be prepared to live off of your retirement savings for longer than you may be thinking. As John’s situation shows, a big downturn early on meant that he ran out of retirement savings at age 82. To make a challenging situation even tougher, there is a 25% chance that John could live to age 91.

¹Annuity 2000 Mortality Table; Society of Actuaries.
3. UNEXPECTED EXPENSES
Preparing for life’s surprises

Even with an emergency fund, life can throw a curve at us. It may be as ordinary as a new roof but, as we age, it could be much bigger and more serious – such as a serious health issue or needing to consider an assisted living environment like a nursing home. While you need to guard the savings that will generate your retirement income, you may need access to some or all of your savings for unforeseen costs.

Sequence of returns, your longevity and unexpected expenses are all things you need to consider and plan for in retirement. The good news is that there are ways to address these risks. We will show you how the Foundations Annuity can help you protect part of your savings from the sequence of returns risk and help address unexpected expenses through its strong structure. We will also show you how the GLWB Rider can generate retirement income for life and address your longevity risk in the Foundations Annuity Guaranteed Lifetime Withdrawal Benefit Rider brochure.
Know your clear path to retirement
Protecting Your Savings

One way to protect a part of your savings from market losses and the sequence of returns risk is to transfer some of your savings away from the risk of market-based investments. The Foundations Annuity gives you the groundwork to protect some of your savings from downward swings of the markets. By putting a portion of your savings in a fixed indexed annuity, you give up some earnings potential from the market, but you also avoid losses from the market.

YOUR PREMIUM IS SAFE FROM MARKET RISK

One of the benefits of the Foundations Annuity base product is that you cannot lose money if the market goes down. Your annuity provides the opportunity to choose a fixed interest rate on your Purchase Payments, but you can also choose to allocate to one or more of the index interest options. With the index interest options, you have the option to earn an interest rate based in part on the performance of the S&P 500® Index, without dividends.²

FIRST-YEAR BONUS

Besides protecting you from the risk of market loss, your Security Benefit Foundations Annuity includes a bonus on all Purchase Payments made in the first contract year. The bonus goes directly into your account and gives you an immediate increase in your Account Value, helping to build that solid base. The chart on the next page shows the bonus amounts for the Foundations Annuity.

Another benefit of the Foundations Annuity is there is no bonus recapture. In other words, should you need to surrender your contract early, you will be able to keep your bonus amount; however, surrendering early can subject the contract to surrender charges and/or a market value adjustment (MVA).

²The cash surrender value could be less than the Purchase Payments if you withdraw more than the free withdrawal amount during the surrender charge period.
### Bonus Amounts
for the Foundations Annuity

<table>
<thead>
<tr>
<th>Bonus (as a percentage of first-year Purchase Payments)</th>
<th>Foundations 5</th>
<th>Foundations 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender period</td>
<td>5 years</td>
<td>7 years</td>
</tr>
<tr>
<td>Bonus %</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

#### Bonus Examples

<table>
<thead>
<tr>
<th>Initial Purchase Payment</th>
<th>$200,000</th>
<th>$200,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonus amount</td>
<td>$2,000</td>
<td>$2,000</td>
</tr>
<tr>
<td>Account Value upon issue</td>
<td>$202,000</td>
<td>$202,000</td>
</tr>
</tbody>
</table>
The Security Benefit Foundations Annuity offers four different interest crediting options, shown on the next page. These options give you the potential to earn either at least a guaranteed minimum interest rate or an interest rate based in part on the performance of the S&P 500® Index, without dividends.
<table>
<thead>
<tr>
<th>Interest Option</th>
<th>How interest is calculated</th>
<th>Why this option may be attractive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Account</strong></td>
<td>Security Benefit sets an interest rate that is guaranteed to be no less than the contract’s Guaranteed Minimum Interest Rate (GMIR) for each contract year.</td>
<td>Provides a predictable rate of interest.</td>
</tr>
<tr>
<td><strong>Annual Point-to-Point Index Account with cap based on S&amp;P 500® Index</strong></td>
<td>On each annual contract anniversary, the S&amp;P 500® Index value (without dividends) is compared to the Index value on the previous contract anniversary. A positive difference in the Index is credited as interest to your Account Value, up to a set cap. If the annual S&amp;P 500® Index change value is negative, no interest is credited.</td>
<td>You can benefit from the positive change of the S&amp;P 500® Index up to your cap, yet without the risk of your annuity losing value if the S&amp;P 500® Index change is negative.</td>
</tr>
<tr>
<td><strong>Annual Average Index Account with cap based on S&amp;P 500® Index</strong></td>
<td>On each annual contract anniversary, interest is calculated based upon the average of the monthly ending values of the S&amp;P 500® Index value (without dividends) and is compared to the Index value on the previous contract anniversary. A positive difference in the Index is credited as interest to your Account Value, up to a set cap. If the difference is negative, no interest is credited.</td>
<td>With Index amounts being the average of monthly ending values for the year, you can benefit from the positive performance of the S&amp;P 500® Index up to your annual cap, yet without the risk of losing Account Value if the sum of the S&amp;P 500® Index changes are negative. This option would typically credit more interest when the S&amp;P 500® Index experiences steady growth, and less interest in up and down markets.</td>
</tr>
<tr>
<td><strong>Monthly Sum Index Account with monthly cap based on S&amp;P 500® Index</strong></td>
<td>On each contract anniversary, interest is calculated based on the sum of the capped monthly changes in the S&amp;P 500® Index value (without dividends) for the previous year. A positive one-month change in the Index, subject to your monthly cap, increases the annual sum. The full, negative one-month change is subtracted from the annual sum. There is no floor on a negative return for that month. The positive sum of the 12 monthly Index returns is credited as interest. If the overall sum of the 12 monthly Index returns is negative, no interest is credited.</td>
<td>With Index amounts being calculated on a monthly basis, you can benefit from the positive performance of the S&amp;P 500® Index up to your monthly cap, yet without the risk of losing Account Value if the sum of the S&amp;P 500® Index change is negative. This option would typically credit more interest when the S&amp;P 500® Index experiences steady growth and less interest in up and down markets.</td>
</tr>
</tbody>
</table>
UNDERSTANDING YOUR INTEREST OPTIONS

Below are examples of how the index interest options would work under two different 10-year market conditions: in a positive market and in an extreme downturn.

The examples make hypothetical assumptions, are not a guarantee and do not reflect the interest that would be credited to your annuity. The values of the S&P 500® Index are actual values for the periods shown. The Foundations Annuity was not available during the time periods of these examples. The hypothetical interest calculations are based upon assumptions on the caps that apply in computing the Index interest. Different caps may produce significantly different results. The hypothetical values assume no withdrawals and no additional Purchase Payments. The hypothetical values do not include any bonus. All returns shown are cumulative and not on an annualized basis. The following line graphs assume that all of the Account Value is allocated into the particular interest option. Withdrawals before the end of the surrender period may be subject to surrender charges up to 9% and/or a market value adjustment (MVA). Withdrawals are subject to ordinary income tax and, if made before age 59½, may incur a 10% IRS penalty tax.

Hypothetical Example of Strong Market
During periods with strong market returns, such as August 1990 to August 2000, the different index interest options resulted in a higher interest from the growth in the S&P 500® Index than in the subsequent example. The graph to the right shows the change in the S&P 500® Index for the period of August 1990 through August 2000.†

Hypothetical Example of Downturn
During periods of extreme volatility, fixed indexed annuities (FIA) will shield you from market declines. The graph to the right shows the change in value of the S&P 500® Index for the period March 1999 through March 2009.‡ The S&P 500® experienced a great deal of volatility during this period, and by March 2009 had lost roughly 38% of its value. Based on the S&P 500® Index during this period, under the various index interest options, the cumulative interest credited ranged between 12% and 17%.

Although the S&P 500® lost significant value during this period, previously credited index interest would not have been lost. For the fixed interest rate option, interest would have been earned at the greater of the declared rate or the guaranteed minimum rate during this period.

†Yahoo Finance; October 2012.

§Yahoo Finance; October 2012.
UNEXPECTED EXPENSES
Access to your money

Free Withdrawals
During the surrender charge period, after the first contract year, each year you may withdraw up to 10% of your Account Value as of the prior contract anniversary, free of surrender charges, and, if applicable, a market value adjustment (MVA). This is your free withdrawal amount. Your withdrawals may be subject to state and federal income taxes as well as an additional 10% penalty from the IRS if the withdrawals are taken prior to age 59½. If you take withdrawals in excess of the 10% free withdrawal during the surrender charge period, your withdrawal may be subject to surrender charges and, if applicable, an MVA.

See the Important Information About Security Benefit Foundations Annuity on pages 18-19 in this brochure for more information about the surrender charge and MVA. The 10% free withdrawal does not apply if you take a full surrender or if you take a full withdrawal after any free withdrawals are taken in the prior 12 months. A surrender charge will be applied to any free withdrawals taken in the last 12 months prior to a surrender, as well as to the amount surrendered. Additionally, an MVA may apply to any free withdrawals taken in the last 12 months prior to a surrender, as well as to the amount surrendered.

Terminal Illness and Nursing Home Waiver
Surrender charges and any applicable MVAs are waived if you request a withdrawal after the third contract anniversary, and if after you purchase the annuity you are confined to a nursing home or hospital for longer than 90 days, or if you are diagnosed with a terminal illness. A request to waive these charges must be made on forms provided by Security Benefit and must be accompanied by a physician’s statement.5

Death Benefit
Your Security Benefit Foundations Annuity provides the additional comfort of a death benefit. If the Annuitant dies before receiving annuity payments (annuitization), the beneficiaries will receive 100% of the Account Value, less any applicable premium tax, or the guaranteed cash surrender value if higher.6 An annuity with properly named beneficiaries may also avoid the expenses and delays of probate. Talk with your financial advisor for more information about your death benefit.

The Security Benefit Foundations Annuity has two versions of the surrender charge periods from which you may choose:

Foundations 5 Year
5-year surrender charge period

Foundations 7 Year
7-year surrender charge period

5Refer to the contract for details on qualifications. Not available in all states.

6Annuitization should not be confused with taking income under the GLWB Rider. If you have started taking income under the GLWB Rider rather than taking annuity payments, the death benefit upon the death of the Annuitant is the Account Value less any applicable premium tax.
The Income Solution

The path to and through your retirement becomes more clear when a guarantee is part of the plan. Here’s how to enjoy income for the rest of your life.

LIFETIME ANNUAL INCOME

With your Foundations Annuity you can purchase an optional Guaranteed Lifetime Withdrawal Benefit (GLWB) Rider that guarantees you may withdraw a specified amount each year, called the Lifetime Annual Income, for your lifetime. If you only withdraw the Lifetime Annual Income, this amount will be available yearly even if your Account Value is zero. It’s important to know that taking out withdrawals prior to beginning your Lifetime Annual Income, or taking out more than the Lifetime Annual Income in any given year will reduce the guaranteed income you may withdraw from your annuity. More information about the GLWB Rider is included in the Foundations Annuity GLWB Rider brochure.
Important information about
SECURITY BENEFIT FOUNDATIONS ANNUITY

No Risk to Your Principal
If the market experiences negative returns, there is no risk of your Account Value declining with the base product. However, if you have purchased the GLWB rider, your Account Value could be affected due to the rider charge.

Issue Ages
0-80 (oldest owner or annuitant) for base contracts without GLWB Rider (ages 50-80 for contracts with GLWB Rider). May vary by state. Check with your financial representative.

Minimum Initial Purchase Payment
$25,000

Minimum Subsequent Purchase Payment
$1,000

Charges
The charge for the optional Guaranteed Lifetime Withdrawal Benefit (GLWB) Rider is 0.90% of the GLWB Benefit Base and will be deducted annually from the annuity’s Account Value. The Rider charge is guaranteed not to increase after a contract is issued.

Guaranteed Minimum Interest Rate (GMIR)
The fixed account’s GMIR is guaranteed for the life of the contract and ranges between 1% and 3%.

Guaranteed Return of Premium
The Owner is guaranteed the cash surrender value of the contract will never be below the Purchase Payments deposited, less any previous withdrawals and any Premium Tax due or paid by SBL. Applicable on a full withdrawal only. This feature is good only on the 5-year product. Not available on the 7-year option.

Understanding the Surrender Charge
If you take withdrawals that are greater than the free withdrawal amount during the surrender charge period (either the first 5 or 7 years of the contract), your Account Value will be subject to a surrender charge. Surrender charges will also generally apply if you annuitize during the surrender charge period and may apply under certain circumstances involving death and joint ownership. The amount of the surrender charge is equal to the amount withdrawn (less any free withdrawals) after any applicable MVA is applied, multiplied by the applicable surrender charge percentage. (See the chart at right.)

The Security Benefit Foundations Annuity offers flexibility to avoid some or all surrender charges, depending on your circumstances through the free withdrawal option, the Terminal Illness waiver, the Nursing Home waiver, and the death benefit upon the death of the Annuitant or Joint Owner if he or she is the spouse of the Annuitant.
Market Value Adjustment (MVA)

In order to help us manage changing market conditions and interest rate environments more effectively, Security Benefit applies a market value adjustment (MVA) to withdrawals that exceed the free withdrawal amount during the surrender charge period. The MVA will also apply if you annuitize during the surrender charge period and may apply under certain circumstances involving death and joint ownership.

In general, if at the time of withdrawal the interest rates in the market, as measured by the 10-year Constant Maturity Treasury rate, are higher than when you purchased your annuity, an additional amount is deducted from your annuity. Conversely, if market interest rates are lower than when you purchased your annuity, an additional amount is likely to be added to your annuity, which reduces the amount deducted from your contract.

The MVA will not apply to withdrawals that are less than the free withdrawal amount or to the death benefit paid upon the death of the annuitant or the death of the joint owner if the joint owner is the spouse of the annuitant. In AK, CA, IN, MN, MO, NH, NJ, OH, OR, PA, SC, TX, UT and WA an MVA does not apply. Ask your financial representative for more information on the MVA.

Tax-Deferred Growth

In an annuity, your Purchase Payments earn interest on a tax-deferred basis, which means you’re not paying taxes on your earnings until you take withdrawals. This means your interest earnings grow faster because taxes on your earnings are deferred until you make withdrawals. Since IRAs already provide tax deferral, there is no additional tax-deferral benefit for IRAs funded by annuities.

Account Value

The example below shows how tax deferral would affect a hypothetical $25,000 account, before any withdrawals, during a 5-, 10- and 20-year “accumulation phase.” This example assumes an average interest rate of 5%, a federal income tax rate of 28%, and a state tax rate of 5% (for an effective tax rate of 31.6%). This example is hypothetical and in no way relates to the actual interest credited by the annuity.

Because the tax-deferred account is taxable upon withdrawal, the money that would otherwise be paid in taxes can continue to accrue interest. For example, in the graph below, the buyer would have an additional $17,351 in a tax-deferred product such as the Foundations Annuity. Which amount would you rather earn interest on – $66,332 or $48,981? With a tax-deferred product you earn interest on the $66,332 amount.

The Power of Tax Deferral

Account Values

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax-Deferred</th>
<th>Taxable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$25,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>5</td>
<td>$31,907</td>
<td>$29,578</td>
</tr>
<tr>
<td>10</td>
<td>$40,722</td>
<td>$34,993</td>
</tr>
<tr>
<td>20</td>
<td>$66,332</td>
<td>$48,981</td>
</tr>
</tbody>
</table>

7Withdrawals are subject to ordinary income tax and, if made before age 59¼, may incur a 10% IRS penalty tax. Since IRAs already provide tax deferral, there is no additional tax-deferral benefit for IRAs funded by annuities.
8The interest in the annuity will be subject to federal and state taxes.
ABOUT SECURITY BENEFIT

Founded in 1892, Security Benefit Corporation, a Guggenheim Partners Company, is a leading provider of savings and income solutions for America’s pre- and post-retirees. Security Benefit Corporation targets multiple wealth segments and channels of distribution through an independent, merit-based distribution structure. By leveraging Guggenheim Investments’ superior general account management capabilities into highly competitive products, Security Benefit Corporation focuses on the retirement savings market providing a full range of services to independent distributors including broker/dealers, IMOs and other financial service providers. Security Benefit is indirectly controlled by Guggenheim Partners, LLC. The firm’s se2 division is an award-winning and nationally recognized provider of administrative services for the insurance and financial services industry. Learn more about Security Benefit or se2 by visiting SecurityBenefit.com or se2.com.

ABOUT GUGGENHEIM PARTNERS

Guggenheim Partners is a privately held global financial services firm with more than $200 billion in assets under management.\textsuperscript{9,10} The firm provides asset management, investment banking and capital markets services, insurance, institutional finance and investment advisory solutions to institutions, governments, agencies, corporations, investment advisors, family offices and individuals. Guggenheim Partners is headquartered in New York and Chicago and serves clients around the world from more than 25 offices in eight countries. For more information, please visit www.guggenheimpartners.com.

\textsuperscript{9}As of Dec. 31, 2013.
\textsuperscript{10}Assets under management include consulting services for clients whose assets are valued at approximately $36 billion.
The Security Benefit Foundations Annuity can help secure your retirement savings and create guaranteed income for life. We prepared this brochure and the companion Foundations Annuity Guaranteed Lifetime Withdrawal Benefit Rider brochure to help you plan and prepare for retirement.

Inside these brochures are three important concepts to help you on your journey:

- Understanding the retirement challenges you may face
- How to protect your savings
- How to create your retirement income solution

This brochure contains highlights only. Please refer to the annuity contract for a full explanation of the product and any charges or limitations. The Security Benefit Foundations Annuity (Form 5800 (11-10) and ICC10 5800 (11-10)), a fixed indexed flexible premium deferred annuity contract, is issued by Security Benefit Life Insurance Company. Product features, limitations and availability may vary by state.

Guarantees provided by annuities are subject to the financial strength of the issuing insurance company and:

Annuities are not FDIC insured; are not obligations or deposits of, and are not guaranteed or underwritten by any bank, savings and loan, or credit union or its affiliates; are unrelated to and not a condition of the provision or term of any banking service or activity.

Bonus annuities, such as the Foundations Annuity, may include higher surrender charges, longer surrender charges, other charges and changes to the elements used to determine the index interest credits or changes to the interest rate that are not included in similar annuities without a bonus.

The amount of charges or reduction in interest credits may exceed the amount of the bonus.

S&P® is a registered trademark of Standard & Poor's Financial Services LLC (“S&P”) and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”). These trademarks have been licensed for use by S&P Dow Jones Indices LLC. S&P® and S&P 500® are trademarks of S&P and have been sublicensed for certain purposes by Security Benefit Life Insurance Company. The S&P 500® index is a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Security Benefit Life Insurance Company. The Security Benefit Foundations Fixed Indexed Annuity is not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P or their respective affiliates and neither S&P Dow Jones Indices LLC, Dow Jones, S&P or their respective affiliates make any representation regarding the advisability of purchasing such product.

Fixed indexed annuities are not stock market investments and do not directly participate in any stock or equity investments. Market Indices do not include dividends paid on the underlying stocks, and therefore do not reflect the total return of the underlying stocks; neither an index nor any market indexed annuity is comparable to a direct investment in the equity markets. Clients who purchase indexed annuities are not directly investing in a stock market index.

Neither Security Benefit nor its representatives offer legal or tax advice. Please consult your personal attorney and/or advisor regarding any legal or tax matters.