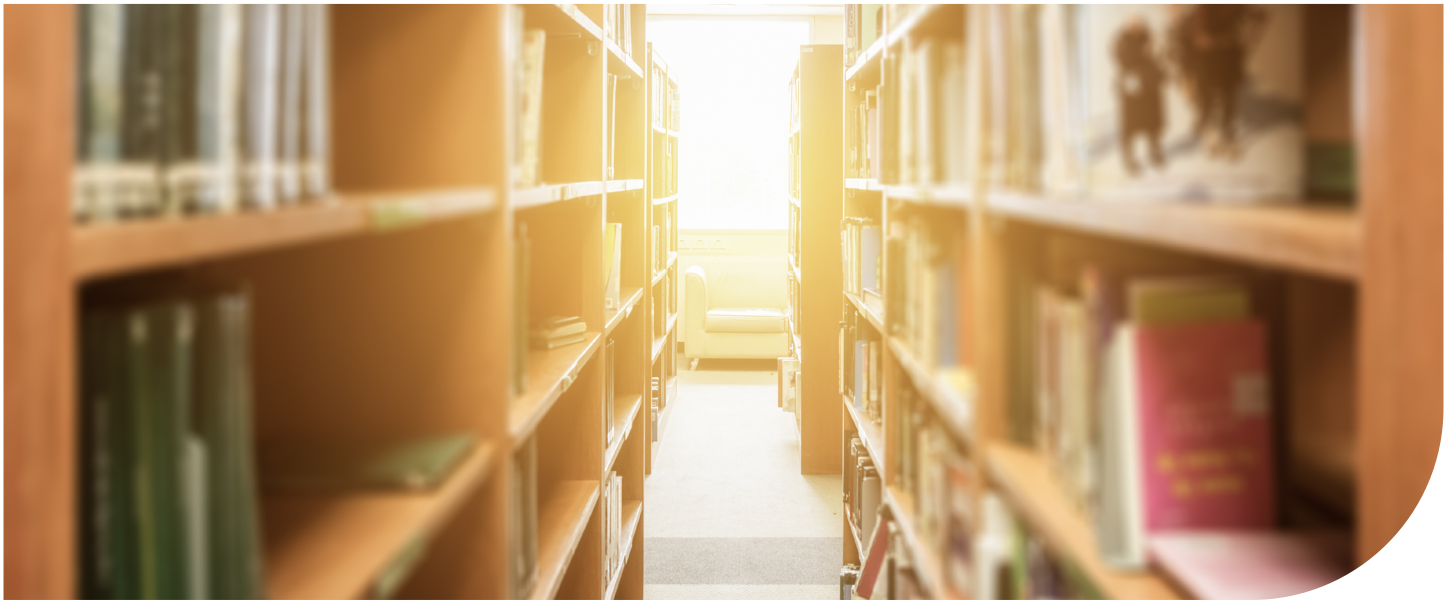
GBU Life
Fixed Index Annuities

An Innovation in Enhanced Retirement Security



Introduction

Market Risks & Human Behavior

When thinking about financial markets, people are often torn between conflicting fears - ***fear of missing out on gains*** and ***fear of losses***.

Daniel Kahneman, the late Nobel Prize winner and leading behavioral finance expert, articulated some of these fears in his book ***Thinking, Fast and Slow***:

1. **Recency Bias**

   A cognitive bias that causes people to give more weight to recent events.

   Why this matters today: markets can be volatile and returns tend to be in a cycle of highs and lows. As we come off the back of years of very high US equity returns, market history suggests future returns may go down. But more people will remember the recent high returns than cautioning about future drops.

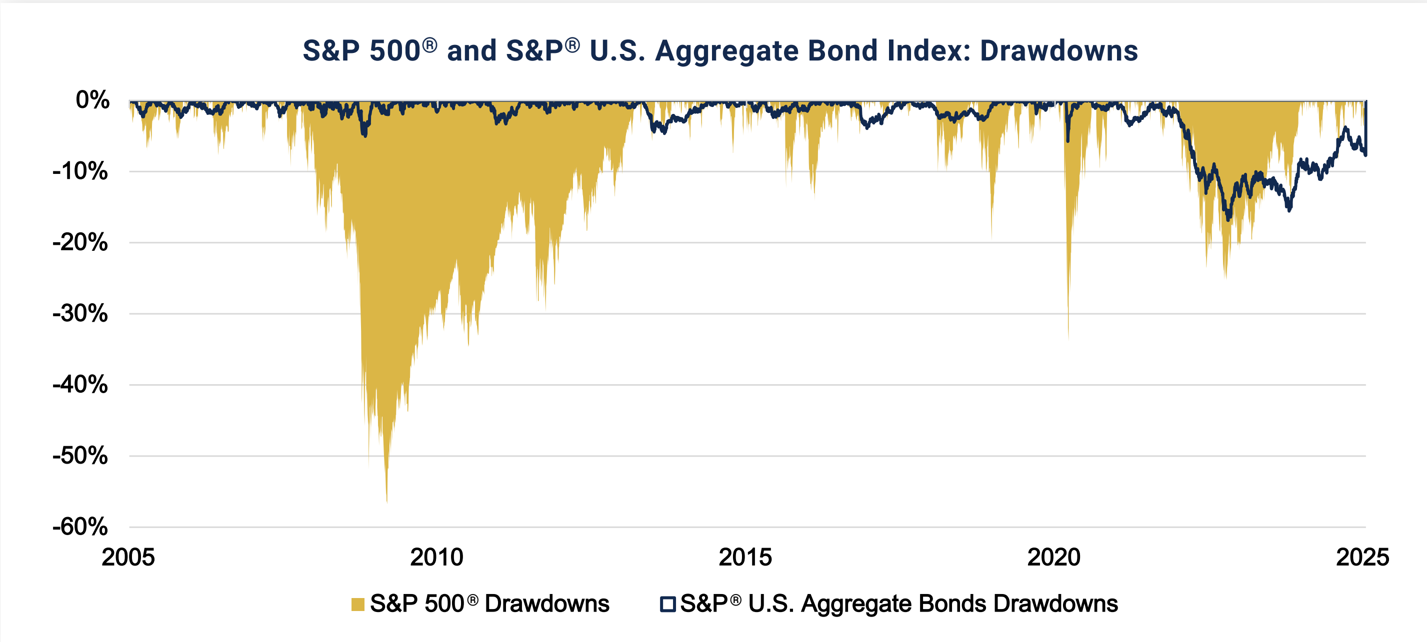
2. **Loss Aversion**

   When directly compared against each other, losses look larger than gains.

   Why this matters today: everyone likes positive returns, but we feel losses more! This is a classic greed versus fear scenario.

The Key Question:
How to Deal With These Common Biases?

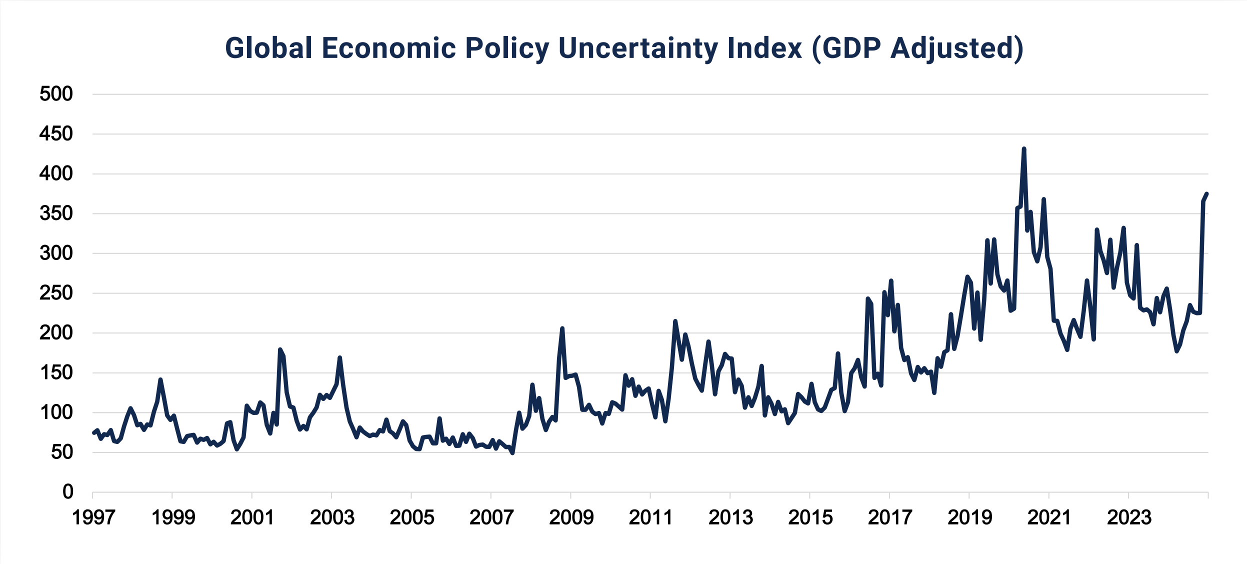
On Top of These Concerns:
Markets Are Volatile and Go Down



US equity markets have been positive in the last few years and provided good returns. But if we look further back, we can see that returns can be very bumpy, especially during the 2008 Great Financial Crisis and the Covid-19 pandemic. Typically, such risks might be remedied by the "safety of bonds", but bonds have risk too. When rates rose in 2022, we saw the most drastic bond drawdowns in decades.

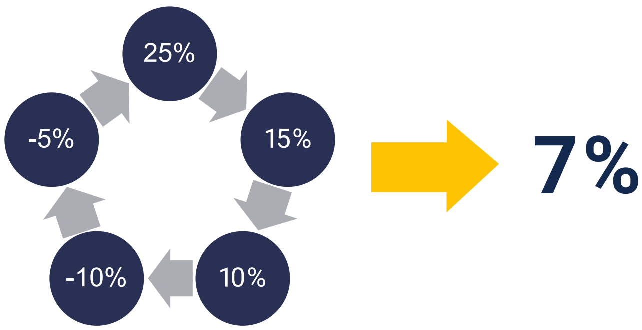
Source: The Index Standard, S&P DJ Indices 2005 to 2025. Past Performance is not indicative of future performance.

Uncertainty is High:
Global Economic Uncertainty is Rising



The world is changing. New regional alliances are forming, new political regimes are overturning old policies, and all of them are creating uncertainties. The graph above is from three academics who track world policy uncertainties. See the rise in recent years.[1]

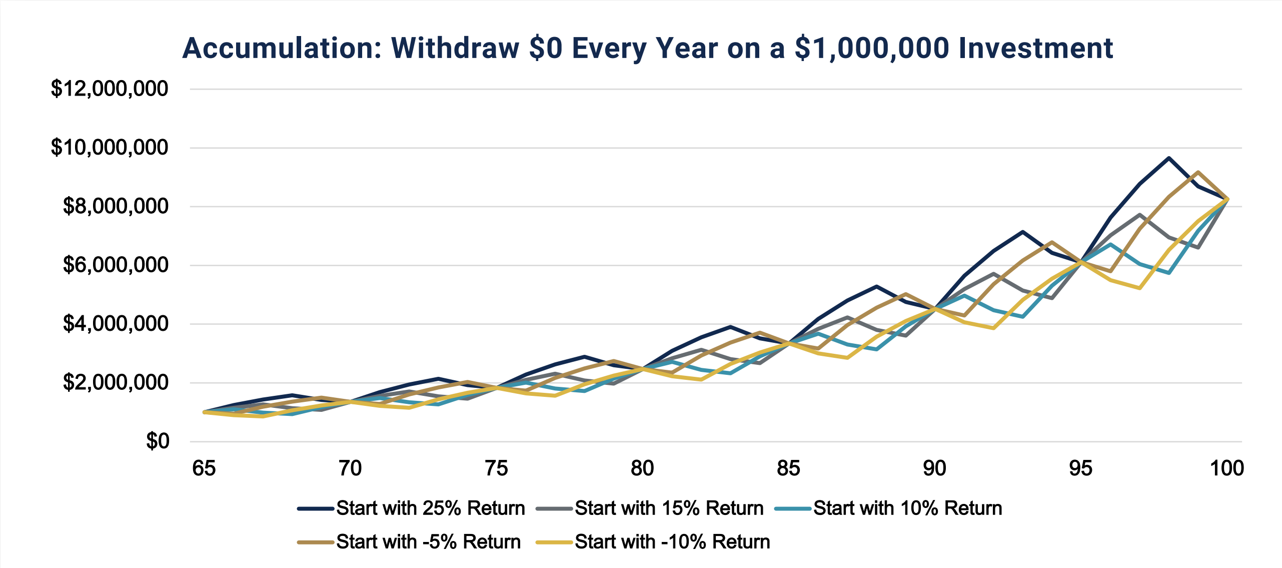
Sequence of Returns:
Accumulation and Decumulation



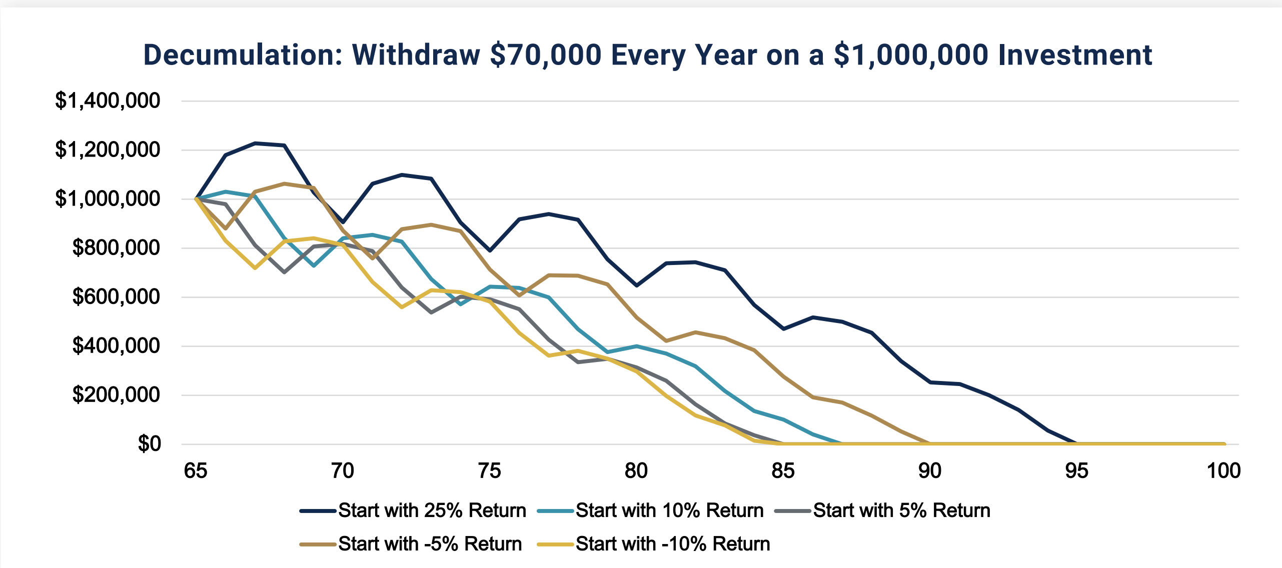
As we know, the market goes up and down. This carousel shows that the average return is 7% in five years regardless of where you start, as long as you keep the same amount of money invested. However, if you intend to draw out income, then the sequence of returns (i.e. when you withdraw) becomes immensely important![2]

[1] Source: St Louis Fed. Baker, Bloom and Davis, Economic Uncertainty Group. Past Performance is not indicative of future performance.
[2] Source: The Index Standard, Illustrative purposes only.

Sequence of Returns Risk



When there is no need to withdraw from the portfolio as retirement income, the sequence of returns is irrelevant as the portfolio generally trends upwards and equalizes every five years.



But if one intends to withdraw from the portfolio as retirement income, the sequence of returns matters significantly. In the worst case, a retiree would run out of money at 85, while in the best case they would run out of money at 95. This 10-year gap is entirely caused by the sequence of returns risk, so retirees seeking preservation of their investments need to avoid losses early in retirement.

Source: The Index Standard, Illustrative purposes only.

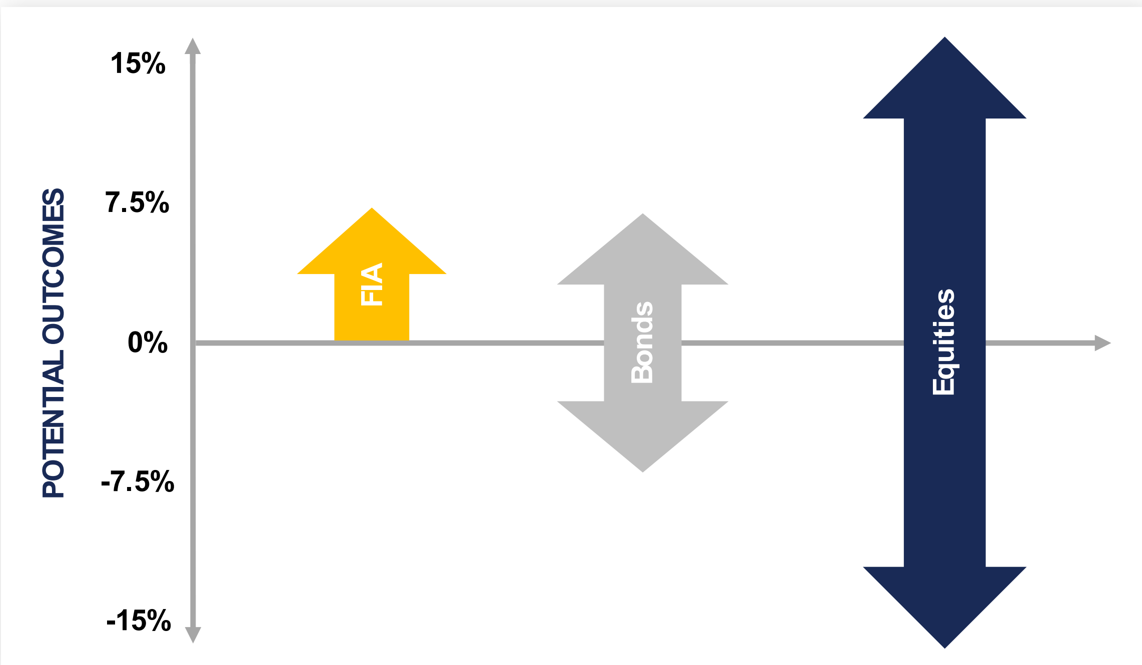
What are risks of retirement investments?

- **Longevity:** The longer one lives, the longer one needs reliable income
- **Sequence of Returns:** Accumulation vs decumulation is critical
- **Inflation:** Higher interest rates can pose a material threat on returns (especially with bonds)

GBU Life Asset Guard and Future Flex Fixed Index Annuities (FIAs) can mitigate some risks through:

- Protecting principal
- Protecting the downside while maintaining growth potential
- Controlling volatility to cushion returns
- Sheltering from sequence of return risk, making early-stage withdrawals possible

Why a "Zero Floor" Feature is Beneficial



Returns of traditional asset classes such as bonds and equities are highly correlated to market movements. This high correlation creates an illusion of diversification, exposing invested assets to significant sequence of return risk.

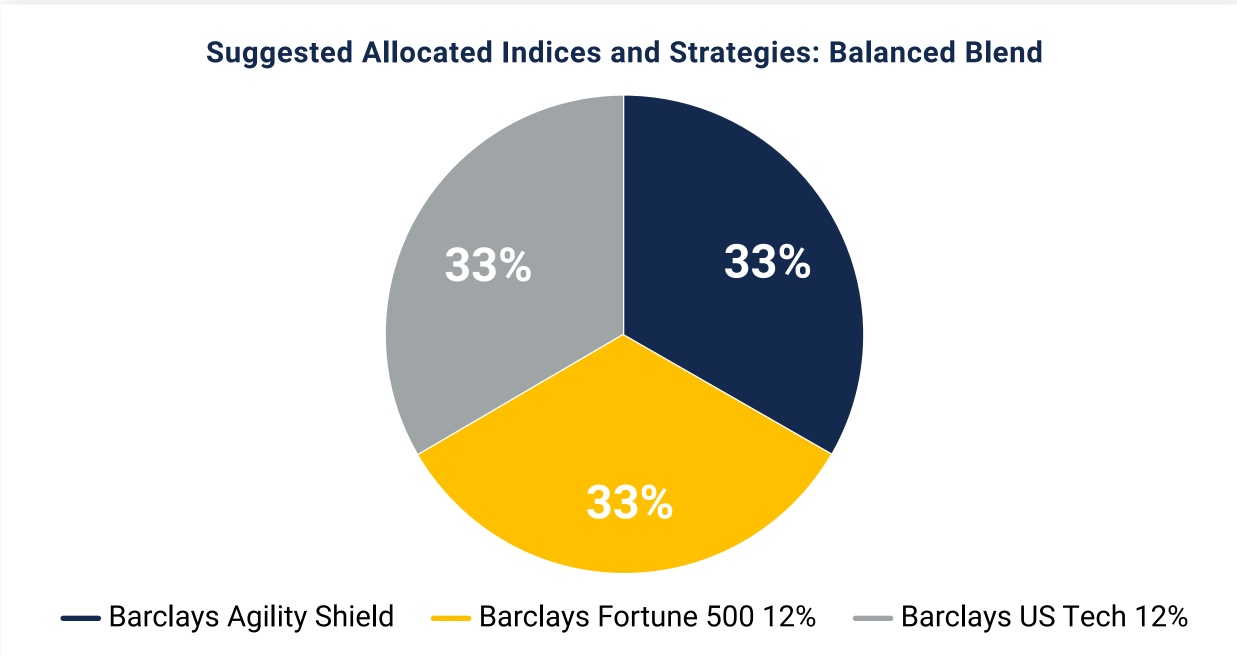
FIAs, however, guarantee that the interest rate credited to the holders cannot fall below zero, thus protecting the principal during market downturns. A range of riders can also be added to provide other benefits, and as you'll see, the potential for more meaningful returns.

Source: The Index Standard, Illustrative purposes only.

GBU Life FIAs

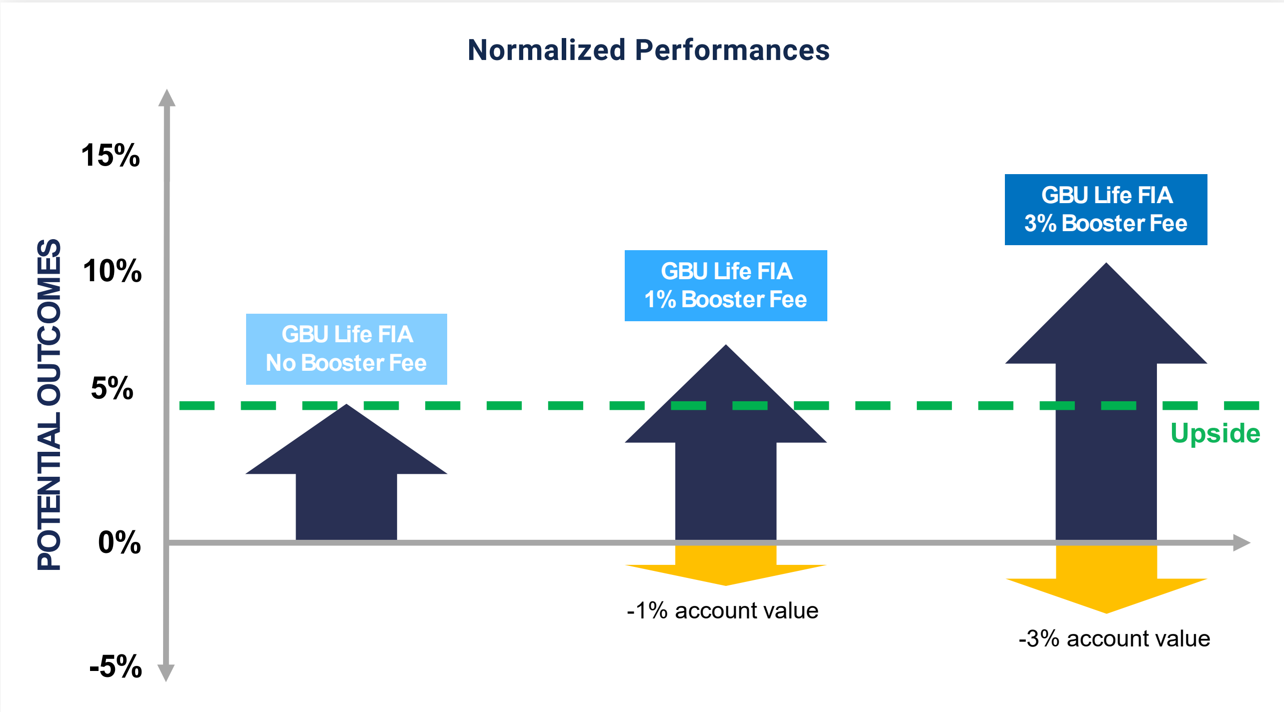
GBU Life Asset Guard and Future Flex Fixed Index Annuities offer ***three index options***, which can be ***combined for a balanced approach***. These indices determine the interest credit at the end of each index term.

Asset Guard FIA offers participation rates that are locked in for four years, while ***Future Flex FIA*** offers the flexibility to add more premiums at any time.



Source: GBU Life. Based on a portfolio blend of ⅓ Barclays Agility Shield, ⅓ Barclays US Tech 12%, and ⅓ Barclays US Tech 12%.

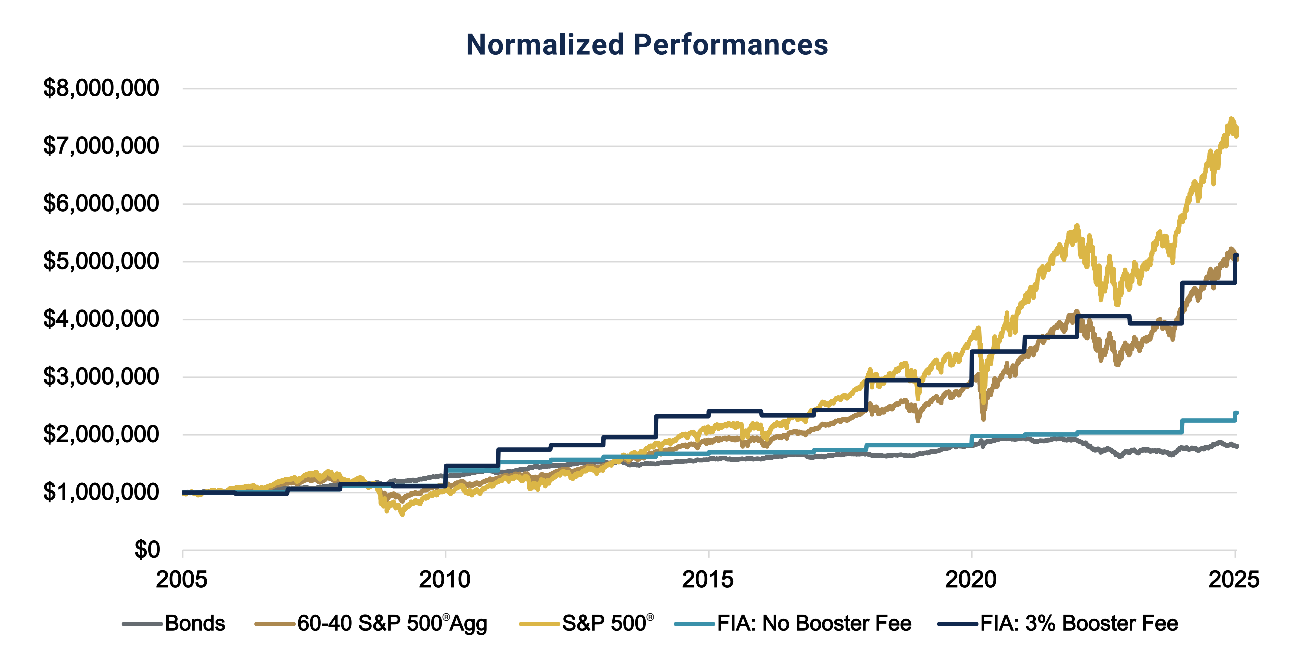
Booster Fees



By electing an annual booster fee of up to 3%, GBU Life offers Asset Guard FIA and Future Flex FIA owners an option to increase their participation rate in an index. If the index performance is positive, the owners will get additional returns based on their bigger participation in the index gain. Conversely, if the index performance is negative, the owners can lose up to 3% of their account value annually, never more.

Illustrative Purposes Only.

An Anchor in the Portfolio

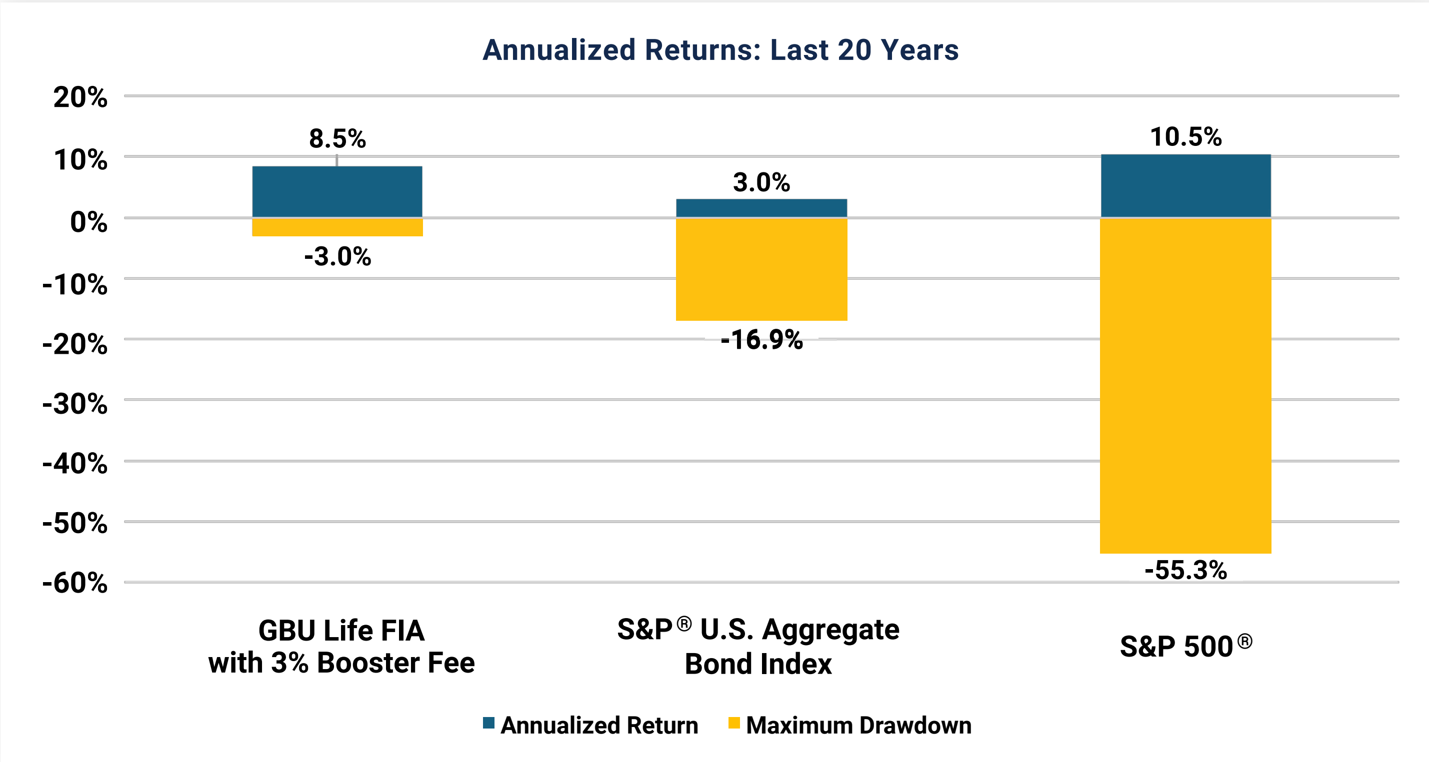


The innovative design of GBU Life Asset Guard and Future Flex FIAs is the owner's ability to elect an Enhanced Participation Rate Rider, with up to a 3% Booster Fee, adding upside earning potential while limiting annual loss to 3%.

This graph shows the modeled payoff of GBU Life FIAs using equal shares of the three available Barclays indices. Note that during the Covid-19 pandemic and the market turmoil of 2022, the FIAs display a maximum loss of 3% annually to better protect principal. In positive growth periods, GBU Life FIAs with a 3% booster fee capture meaningful gains, which are very competitive in the market.

Source: The Index Standard and S&P DJ Indices 2005 to 2025.
Illustrative Purposes Only. Some of the index performance data represents hypothetical, backcasted performance, which is not indicative of future results.
Based on a portfolio blend of ⅓ Barclays Agility Shield, ⅓ Barclays US Tech 12%, and ⅓ Barclays US Tech 12%.

Anchors and Buffers:
How Do GBU Life FIAs Compare?



The graph above shows the 20-year annualized returns of GBU Life FIAs with a 3% booster fee compared to bond and equity portfolios. Despite the fact that the markets have been especially strong over the last few years in favor of equities, the returns of GBU Life FIAs are still comparable. But the value of added protection kicks in when you compare the drawdowns: equities can be volatile compared to the smooth sailing of GBU Life FIAs. With the risks of inflation and the sequence of returns risk, having an effective portfolio anchor like GBU Life FIAs can provide peace of mind for retirement investors.

Source: The Index Standard, GBU, S&P DJ Indices 2005 to 2025.
Illustrative Purposes Only. Some of the index performance data represents hypothetical, backcasted performance, which is not indicative of future results.
Based on a portfolio blend of 1/3 Barclays Agility Shield, 1/3 Barclays US Tech 12%, and 1/3 Barclays US Tech 12%.

Disclosures

Market data sourced from the Index Standard.

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GBU Life is the marketing name for GBU Financial Life. Annuities are not short-term products and are issued by GBU Life, Pittsburgh, PA. Optional booster/contract (or rider) fees increase the participation rate and are deducted from the index strategy value at the beginning of the index term. Increased participation rates can result in greater interest credited. During the surrender charge period, withdrawals exceeding 10% will be subject to a surrender charge that may be higher than fees associated with other types of financial products and may reduce principal. Withdrawals for amounts over those allowed during the guaranteed period are subject to surrender charges defined in the contract. Withdrawals prior to 59½ may be subject to IRS penalties, separate from the annuity’s schedule of surrender charges. Products and features may vary by state. No statement contained herein shall constitute tax, legal or investment advice. You should consult with a legal or tax professional for any such matters. **This is a summary of the contract provisions. Please refer to the contract for details of surrender charge schedule, benefits and exclusions.**

Contract Form Series: ICC23_SPDA_IA_CON_(01-23), SPDA_IA_CON_FL_(07-23), SPDA_IA_CON_(07-23), ICC23_FPDA_IA_CON_(01-23), FPDA_IA_CON_FL_(07-23), FPDA_IA_CON_(07-23).

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