



KANSAS CITY LIFE

# Freedom Variable Annuity



*Variable Product Series*

*Building your future with a secure partner<sup>SM</sup>*

*Kansas City Life Insurance Company*

# Freedom Variable Annuity features at a glance

<b>Minimum deposit</b>	\$25,000 minimum initial deposit
<b>Surrender charge</b>	No surrender charges
<b>Annual fee</b>	No annual fees
<b>Guaranteed death benefit*</b>	There is an automatic five-year step-up in the guaranteed minimum death benefit
<b>Variable Account charge</b>	1.65% annualized charge to the variable subaccount funds
<b>Fixed Account restrictions</b>	<ul style="list-style-type: none"><li>• Allocations to the Kansas City Life Fixed Account are limited to 15% of the total contract value</li><li>• There are no restrictions on the number of transfers to and from the Fixed Account</li></ul>

*See your Freedom Variable Annuity prospectus for product details and charges.*

*\*Guarantees are backed by the claims-paying ability of Kansas City Life Insurance Company.*



## What is a variable annuity?

An annuity is a savings vehicle that helps you accumulate assets on a tax-deferred basis. Annuities are issued by insurance companies and are the only investment vehicle that can guarantee\* an income for your entire lifetime – one you cannot outlive.

A variable annuity (VA) allows you to decide how to invest your money. You can choose from a diverse portfolio group that includes a variety of investment options, offering you an opportunity for a higher rate of return. Most variable annuities offer a fixed account with a guaranteed minimum interest rate. In short, a variable annuity can offer the best of both worlds.

Variable annuities also offer protection for your heirs in the form of guaranteed\* minimum death benefits. Most variable annuities provide for at least a return of the principal invested (adjusted for any withdrawals or loans); many provide for enhanced guaranteed\* minimum death benefits.

*\*Guarantees are backed by the claims-paying ability of the issuing insurance company.*

## Who should consider a variable annuity?

Variable annuities are an effective way to get a head start on your retirement savings because they can grow your money faster than fixed annuities. Of course, they can also lose money. Variable annuities are best suited for investors willing to take some risk in order to take advantage of the opportunity for higher returns.

Variable annuities can also be a good choice if you've invested the maximum amount allowed in your employer-sponsored retirement plan or if you are self-employed. And, a variable annuity can help you manage retirement income and control when you pay your taxes.

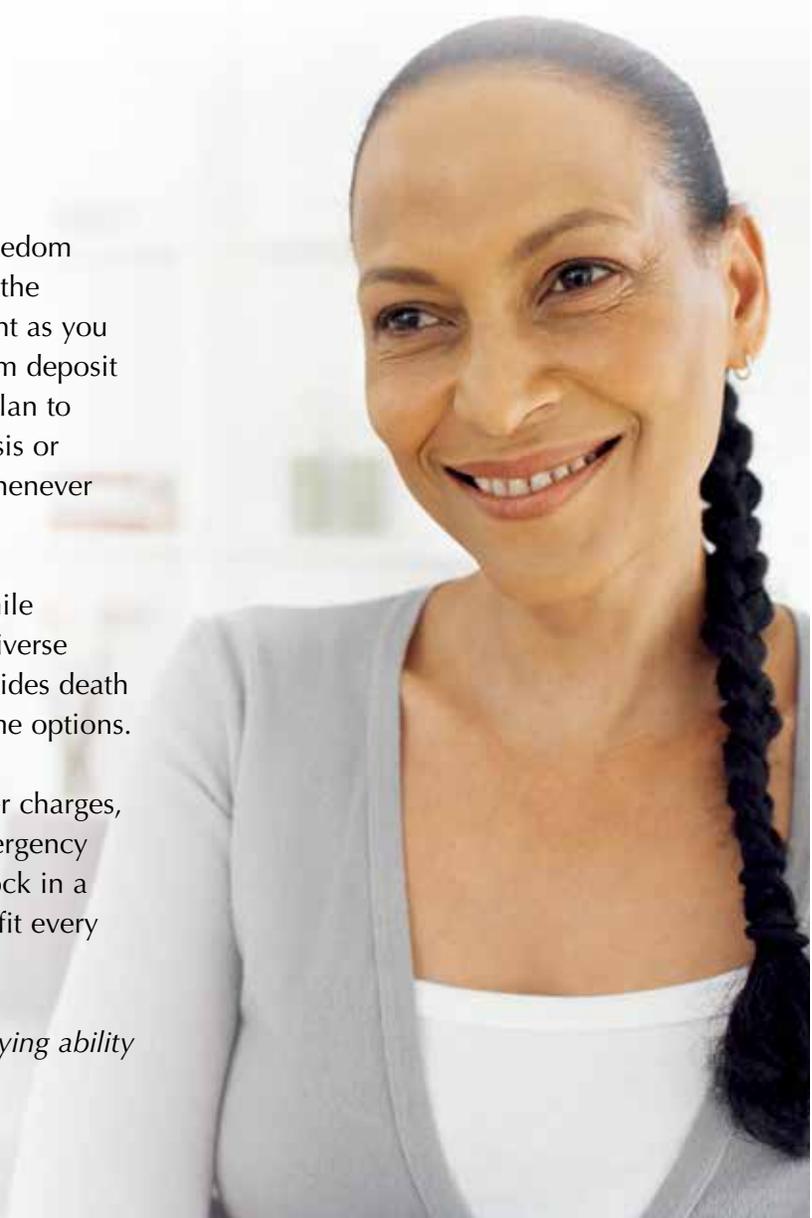
## Why choose Kansas City Life's Freedom Variable Annuity?

Kansas City Life Insurance Company's Freedom Variable Annuity is designed to offer you the financial freedom to spend your retirement as you like. To get started, you'll need a minimum deposit of \$25,000. After that, you can set up a plan to make additional deposits on a regular basis or make unscheduled additional deposits whenever you choose.

The Freedom VA offers tax advantages while maximizing growth potential through a diverse group of investment choices. Plus, it provides death benefit protection and a number of income options.

Because the Freedom VA has no surrender charges, it offers complete liquidity should an emergency arise. You even have the opportunity to lock in a higher guaranteed\* minimum death benefit every five years.

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## Using tax deferral to meet your goals

One reason annuities have been so popular throughout the years is the tax advantages they offer.

Tax deferral means your money stays invested and works to build more money for your future. Unlike traditional savings vehicles, annuity earnings are not taxed until you begin receiving payments or take a withdrawal. That translates into more money you get to keep.

Investing in an annuity within a tax-deferred account such as an Individual Retirement Account (IRA) will provide no additional tax savings.

## Making your money work as hard as you do

Added benefits of the Freedom VA include services and contract design features to help you in planning and using the contract to your best advantage.

### No surrender charges

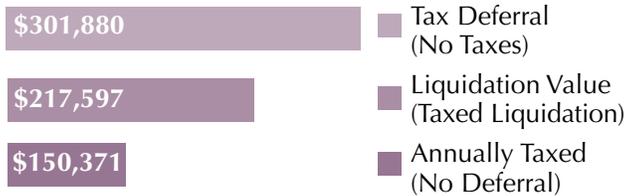
The Freedom VA has no surrender charges. That means you can access your money at any time without paying a withdrawal charge. There may be tax penalties for withdrawals made before age 59 ½. You should consult your tax advisor.

### No annual fees

There are no annual administrative fees for the Freedom VA. That means all of your money starts working for you from day one and continues working for the life of the contract.

## Tax-Deferred Growth

### After 30 Years



*The illustration assumes a single contribution of \$30,000, a hypothetical annual rate of return of 8% and an annual tax rate of 31%. This illustration is for comparison purposes only and is not intended to represent the performance of any investment security. A 10% federal tax penalty may be imposed on surrenders by purchasers who have not yet reached age 59 ½. Withdrawals of tax-deferred accumulations may be subject to ordinary income taxes. Freedom VA has a 1.40% mortality and expense charge and a 0.25% administration charge. The fees and charges associated with variable annuities, when taken into account, would lower the earnings of this investment.*

## Guaranteed Minimum Death Benefit (GMDB)\*

One of the most exciting features of a variable annuity is the guaranteed death benefit payable if the annuitant dies before maturity of the contract.

Plus, the Freedom VA promises to pay your beneficiaries an amount at least equal to what you have invested.

The Freedom VA lets you lock in market gains. The guaranteed death benefit will be “stepped up” to the greatest contract value at five-year intervals from the issue date of the contract to the annuitant’s age 80.

Of course, if the contract value at the time of death is more than either the amount invested or the stepped-up guaranteed death benefit, we will pay the contract value to your beneficiaries.

All death benefits will be adjusted for withdrawals and outstanding loans.

If the owner is not the annuitant and the owner dies before maturity of the contract, the death benefit equals the current cash surrender value.

## Restriction on allocations to the Kansas City Life Fixed Account

Allocations to the Kansas City Life Fixed Account may not exceed 15% of the total contract value.

*Please see the Freedom VA prospectus for details.*

Money in the Kansas City Life Fixed Account is part of Kansas City Life’s General Account and is managed by our own investment professionals. Funds earn a current interest rate but never less than the guaranteed\* crediting rate. We guarantee that this rate will be at least 1% but not more than 3% per year.

*\*This guarantee is backed by the claims-paying ability of Kansas City Life Insurance Company.*



## Automatic dollar cost averaging

This feature allows you to systematically invest specific dollar amounts at regular intervals so you buy more shares when prices are low and fewer shares when prices are high. Dollar cost averaging helps minimize the effect of market fluctuations and may help maximize growth potential.

Example of Dollar Cost Averaging			
Month	Monthly Allocation Amount	Share Price at Purchase	Number of Shares Purchased
January	\$250	\$24	10.42
February	\$250	\$22	11.36
March	\$250	\$18	13.89
April	\$250	\$26	9.62
<b>Totals</b>	<b>\$1,000</b>	<b>\$90</b>	<b>45.29</b>

Average Price per Share \$22.50  
Average Cost per Share \$22.07

Although dollar cost averaging does not ensure a profit or protect against loss, it does take the emotion out of investing and helps keep your program on track.

Because this plan involves continuous investment in securities, regardless of fluctuating price levels, you should consider your financial ability to continue purchases through periods of low price levels.

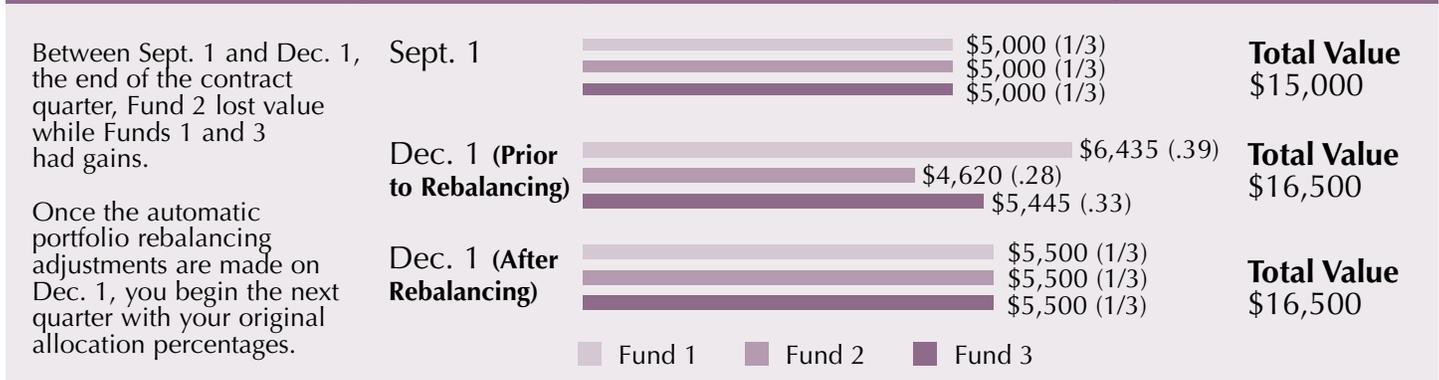
You can elect this option for a period of three to 36 months. Funds designated for dollar cost averaging are deposited in the Federated Government Money Fund II subaccount and are transferred monthly according to your instructions.

## Automatic portfolio rebalancing

Portfolio rebalancing, another valuable feature of the Freedom VA, lets you maintain the level of diversification you have chosen for your variable account investments. When you select this option, we automatically adjust your portfolio mix every three months to equal your current allocation instructions.

This concept is illustrated in the hypothetical example using three equal allocations. You, of course, are free to choose any allocation percentages you desire. You may choose this feature when you open your account or at any time during the life of your contract. If the Dollar Cost Averaging Plan is in effect, automatic portfolio rebalancing starts when dollar cost averaging ends. Transfers made under dollar cost averaging and portfolio rebalancing do not count against the six free transfers permitted each contract year.

### Hypothetical Example of Automatic Portfolio Rebalancing



## Transfer privileges

You can transfer funds between your variable subaccounts and/or the Fixed Account without any current tax consequences. You are free to move money in your variable annuity subaccounts as often as you wish.

Your first six transfers each contract year are free; thereafter, a \$25 fee applies to each transfer. You can make transfers by telephone, fax or email.

See the Freedom VA prospectus for details.

## Income options

You select when and how to begin using the cash you've accumulated. You can choose from a variety of income options including:

- Lump-sum distribution
- Payments for a specified amount
- Payments for a specified period of time
- Life income options including those with 10- or 20-year guarantees\*
- Joint and survivor income options

\*This guarantee is backed by the claims-paying ability of Kansas City Life Insurance Company.



## Withdrawals

Withdrawal proceeds can be paid to you as a lump sum or on a scheduled monthly, quarterly, semi-annual or annual basis as long as each payment is at least \$100.

A 10% federal tax penalty may be imposed on withdrawals made prior to age 59 ½. We suggest you consult with your tax advisor. Withdrawals will reduce cash value and death benefit.

## Contract charges

Daily charges are assessed to funds in the variable subaccounts. On an annualized basis, these charges are:

- Mortality and expense risk charge – 1.40%
- Administrative charge – 0.25%

These charges are not deducted individually from each contract. Rather, they are deducted from the fund before unit values are calculated each night.

## Quarterly reports keep you informed

After the end of each calendar quarter you will receive a report giving the value of your contract. The report also will reflect all transactions occurring during the past quarter.



## We'll be with you ... We're Kansas City Life

When Kansas City Life Insurance Company makes a promise, we stand behind it. Since 1895, we have assisted policyholders through world wars, the Great Depression and various periods of recession and inflation.

Kansas City Life's reputation is built on integrity, sound investment strategies and honest business practices. To us, integrity is not an outdated notion in today's fast-paced world. It is the guiding force behind every decision we make. Every product we sell is backed by more than 120 years of quality service and financial security.

*This brochure is authorized for distribution only when preceded or accompanied by product and fund prospectuses. The prospectuses contain more complete information about the product, including charges, limitations, expenses and investment options. As an investor, you should consider the investment objectives, risks, charges and expenses of the investment company carefully before investing. Read the prospectuses carefully before investing money.*

*Additional prospectuses can be obtained from your registered representative or by calling our toll-free number 800-616-3670.*

*Kansas City Life's Century II Variable Product Series is distributed by Sunset Financial Services, Inc., a wholly owned subsidiary of Kansas City Life Insurance Company.*

*The federal and state income tax laws in this area are complex and subject to change. Representations made herein are neither complete nor necessarily up to date. Neither Kansas City Life nor its representatives give tax or legal advice. You should consult your tax advisor or attorney for complete details.*

## Service – a Kansas City Life priority

Customer service representatives are available to assist you with questions or requests for changes, transfers, etc. We value your business and want to serve you any way we can. Simply call or write us at:



Kansas City Life Insurance Company  
Variable Administration Department  
P.O. Box 219364  
Kansas City, MO 64121-9364  
800-616-3670  
8 a.m. – 4:15 p.m. CT  
Fax: 816-931-3585  
Email: [customerservice@kclife.com](mailto:customerservice@kclife.com)

To obtain information about your variable contract after business hours, call our interactive phone system at the toll-free number shown above. Or, access information about your variable contract on our website, [www.kclife.com](http://www.kclife.com).

*The coverage described is for the Century II Freedom Variable Annuity contract, issued by Kansas City Life Insurance Company (Home Office: Kansas City, Mo.). Contract form J187. Form number may differ by state. Coverage may not be available in all states.*