GrowthTrack

Flexible Premium Deferred Fixed Annuity

Specifications

Issue Ages	0-85 Annuitant 0-85 Owner Age Last Birthday
Guaranteed Interest	GrowthTrack has a redeterminable guaranteed interest rate. The initial guaranteed interest rate is set at issue for each policy and applies until the end of the surrender charge period (10 years for GrowthTrack). The initial guaranteed interest rate is subject to change each month for new applications received. Beginning at the end of the surrender charge period, and then each subsequent contract anniversary, a redetermined guaranteed interest rate will take effect. The redetermined guaranteed interest rate is based on the 5-year Constant Treasury Maturity monthly average rate for November of the previous calendar year published by the Federal Reserve. The redetermined guaranteed interest rate will be calculated as the Treasury Rate rounded to the nearest five-hundredths of one percent (0.05%) reduced by 1.25%. We will notify your client when their guaranteed interest rate is redetermined. The guaranteed interest rate on GrowthTrack will be at least 1% and not more than 3%.
Tax Markets	Qualified Non-qualified
Premium Limits	Minimum: $5,000 single premium or $50 per month ($600 per year) Maximum: $250,000 (without approval)
Bonus	A bonus of 1.0% of the accumulated value is paid at the end of the first policy year, regardless of the policy size. The bonus is only paid at the end of the first year, and there is no bonus in renewal years. This bonus is not guaranteed.
Administrative Charge	A $30 administrative charge will be deducted from the accumulated value of the policy at the end of each policy year. However, if a policy has $600 or more deposited during a policy year, or has at least $10,000 of accumulated value at the end of the policy year, this administrative charge will not be deducted.
Riders	NHW, LIR
TSA Loans	Qualified annuities in the 403(b) and 501(c) markets
Application	A161

General

Annuity policies are tax-deferred investment vehicles that provide income for a specified period of time.

Flexible Premium Deferred Annuity policies begin payment at a future date. Premiums after the first may be paid at any time while the contract is inforce prior to the maturity date. Each premium payment earns interest at the current interest rate from the date it is received. The initial interest rate is guaranteed for a certain number of years. After the initial interest rate guarantee period, the interest rate is set annually at a rate guaranteed to be greater than or equal to the minimum guaranteed interest rate.

GrowthTrack is a nonparticipating flexible premium deferred annuity with an initial interest rate that is guaranteed until the end of the current calendar year. After the initial interest rate guarantee period, the interest rate is set annually at a rate guaranteed to be greater than or equal to 1.0%. The policy accumulates the premiums to the maturity date, at which time payments begin.

Accumulated Value

The total accumulated value of a policy at the end of any calendar year equals:

1. the previous year's accumulated value; plus
2. interest at the current year's interest rate compounded annually; plus
3. the sum of any annuity premiums received during the year with interest to the end of the year; less
4. an administrative charge, if applicable; less
5. deductions for any partial surrenders occurring during the year.

The accumulated value at any date within a policy year is determined with allowance for the time elapsed in that policy year. Each premium payment earns interest from the date it is received.

Bonus

A bonus of 1.0% of the accumulated value is paid at the end of the first policy year, regardless of the policy size. The bonus is only paid at the end of the first year, and there is no bonus in renewal years. This bonus is not guaranteed.

Death Benefit

If the Annuitant or the Owner dies before the maturity date, the Beneficiary will receive a death benefit equal to the accumulated value at the time of death.

Payout Options

Payout options may be chosen for monthly income beginning on or before the maturity date.

Proceeds will equal the cash surrender value with the following payout options:

1. Interest Payments;
2. Installments of a Specified Certain Amount (payment period of less than 5 years); or
3. Installments for a Certain Specified Period (payment period of less than 5 years).

Proceeds will equal the accumulated value with the following payout options:

1. Installments of a Specified Certain Amount (payment period of 5 or more years);
2. Installments for a Certain Specified Period (payment period of 5 or more years);
3. Life Income; or
4. Joint and Survivor Income.

Taxation

One of the key features of an annuity is the tax treatment allowed by the IRS. The money that you put into an annuity will earn interest if a fixed interest rate annuity, or have the value of their subaccount appreciate or depreciate, if a variable annuity. The growth within a deferred annuity, unlike a certificate of deposit, mutual fund or savings account, is not taxed in the year in which it is earned. Thus the earnings may continue to grow and compound tax free until withdrawn.

An annuity contract can be classified as either qualified or non-qualified. The deposits into a qualified annuity are with pre-tax dollars. Since the deposits are pre-tax and the earnings are tax deferred, any withdrawal from a qualified annuity is 100% taxable. Some examples of qualified annuity funding retirement saving programs are IRAs, 401(k)s, TSAs, and 403(b)s. The deposits into a non-qualified annuity are with after-tax dollars. Because taxes have already been paid on your deposits, the value of a non-qualified annuity is comprised of taxable gain from the tax-deferred growth of the annuity plus the after tax amount of the premium deposit. If a withdrawal is made, the gain in the contract is assumed to be withdrawn first, and is taxable.

The IRS also has defined what it calls "Premature Distributions". If you make a withdrawal prior to age 59 ½, not only are your earnings taxed at ordinary income tax rates, but the IRS assesses a premature distribution penalty of an additional 10% on the taxable income. This 10% penalty is not assessed if the withdrawal is the result of a death benefit, disability or made under a series of substantially equal payments over the expected lifetime of the owner.

If a person purchases or transfers their non-qualified deferred annuity into a payout annuity the taxation of the payout will be pro-rated as part gain and part after-tax principal. If the transferred annuity is qualified, 100% of the payment will be treated as income.

For more information on tax rules affecting nonqualified annuities, please refer to KCLIC.net. Click on "Publications", then on "Reference Articles" under "Advanced Sales Digest", then on "Tax Rules of Nonqualified Annuities."

Surrenders
At any time before the earlier of the death of the Annuitant or the maturity date, the Owner may request a full or partial surrender.

Cash Surrender Value
The free partial surrender provision will be observed when calculating the surrender charge.

The cash surrender value is equal to:
1. the accumulated value; less
2. any applicable surrender charge; less
3. any premium taxes payable; less
4. any withholding taxes.

The minimum cash surrender value allowed is $500. Kansas City Life reserves the right to terminate any policy which has less than $500 of cash surrender value. The remaining value will then be paid to the Owner.

Surrender Charges
Full surrenders and partial surrenders are subject to a surrender charge if the withdrawal is taken during a specific time period. The surrender charge decreases the longer the policy is inforce, and is calculated by multiplying the policy value by the surrender charge percentage from the table below:

Year										
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11+**
10%	9%	8%	7%	6%	5%	4%	3%	2%	1%	0%

Free Partial Surrender Provision

Beginning in the first policy year, an amount up to 10% of the accumulated value may be surrendered without a surrender charge or a market value adjustment. Only one such withdrawal may be made each policy year, even if the prior partial withdrawal was less than 10%. Any amount withdrawn above this 10%, or any further partial withdrawals, will be subject to a surrender charge. The minimum for any partial surrender is $100.

Systematic Partial Surrender Plan

The Systematic Partial Surrender Plan enables the Owner to preauthorize a periodic exercise of the partial surrender right once each policy year, up to 10% of the policy value. Any other surrender in a year when the systematic partial surrender plan has been utilized will be subject to the surrender charge.

Lifetime Income Rider (LIR)

Lifetime Income Rider (LIR)

Issue Ages
40-85 ALB Annuitant

Monthly Charge
0.06% of the GWB (0.72% annually)

Benefit
The Lifetime Income Rider (LIR) provides for the guarantee of the availability of an annual Lifetime Income Amount (LIA), subject to reduction or termination of the withdrawals if additional withdrawals in excess of the Lifetime Income Amount are taken. If no such excess withdrawals are taken, the Lifetime Income Amount will never reduce or terminate.

The owner must request that lifetime income begin, and the date of this request is the Lifetime Income Start Date. The LIA is calculated based on the age on the Lifetime Income Start Date and the Guaranteed Withdrawal Balance (GWB). The GWB is roughly equal to premiums paid (or the contract value at the time the rider is added to an existing policy, plus premiums paid after the rider is issued) plus any bonus less an adjustment for withdrawals. If a withdrawal in excess of the LIA is taken, then the GWB and the LIA are proportionally reduced. The LIA may increase as a result of additional premiums, step-ups, and/or bonuses.

On the Lifetime Income Start Date, either a single or joint Lifetime Income Options is chosen. If a single Lifetime Income Option is chosen, the lifetime income continues until the death of the annuitant and the Lifetime Income Percentage is based on the age of the annuitant on the Lifetime Income Start Date.

If a joint Lifetime Income Option is chosen, the lifetime income continues until the death of both the annuitant and the beneficiary and the Lifetime Income Percentage is based on the youngest age of the two on the Lifetime Income Start Date. For the joint Lifetime Income option, the annuitant must also be the owner and the beneficiary must be the spouse of the annuitant on the Lifetime Income Start Date. The age used for either the single or joint is the Lifetime Income Start Age.

The GWB is increased by a bonus in years 1-20, where no withdrawal is taken that year. The bonus is equal to 7.2% during years 1-10 and 1.0% during years 11-20. The bonus is based on the GWB prior to the bonus calculation and compounds up to 200% of a single premium at the end of the 10th year if no withdrawals are taken during that time.

The GWB is also stepped up to the contract value, if greater than the GWB, on each rider anniversary and on the Lifetime Income Start Date.

Lifetime Income Amount
The Lifetime Income Amount is calculated based on the age of the annuitant (youngest age of annuitant/owner and annuitant/owner’s spouse beneficiary if joint) on the Lifetime Income Start Date and the GWB at that time.

Lifetime Income Start Age	Single Life Lifetime Income Percentage (of GWB)	Joint Life Lifetime Income Percentage (of GWB)
50-54	2.50%	2.00%
55-59	3.00%	2.50%
60-64	3.50%	3.00%
65-69	4.00%	3.50%
70-74	4.50%	4.00%
75-79	5.00%	4.50%
80-84	5.50%	5.00%
85-89	6.00%	5.50%
90 and above	6.50%	6.00%

Nursing Home Waiver (NHW)

Nursing Home Waiver (NHW)

Issue Ages
n/a

Benefit
If Kansas City Life receives satisfactory proof that the Owner is admitted to a licensed nursing home, up to the full policy value, less any loan balance, may be paid out equally over at least a three year period with no surrender charges or market value adjustment.

Amounts
n/a

Other Information
The Owner must be confined for at least 90 days in order for this benefit to apply.