



Great American Life Insurance Co®
Annuity Investors Life Insurance Co®

Loyal American Life Insurance Co®
Great American Life Insurance Co® Of New York

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EASY SYSTEMATIC PAYMENT (ESP) PROGRAM ELECTION AGREEMENT
FOR LIFE DISTRIBUTION OPTIONS *(for Qualified Annuity Contracts Over Age 70½ Only)*

SECTION I. OWNER

Owner:	Contract #:	Today's Date:
Address:	Date of Birth:	
City/State/Zip:	S.S. #:	Daytime Phone #:

SECTION II. EASY SYSTEMATIC PAYMENT PROGRAM OPTION ELECTION *(select one - subject to age limits)*

RECALCULATION OPTION MINIMUM RECALCULATION OPTION
(Only available on 403(b) TSAs between the ages 70½ – 75)

SECTION III. PAYMENT INFORMATION

THE ESP Life Program is **NOT AVAILABLE IN THE FIRST CONTRACT YEAR** and it is **ONLY** offered on certain annuity contracts. Please consult your agent or our Home Office for availability.

Select payment frequency: Monthly Annual.

If a payment frequency is not elected, payments will be made on an **ANNUAL** basis.

Monthly payments are **ONLY** available via electronic funds transfer to the owner's checking or savings account ***and*** are not available for all annuity products. If bank information is not provided and/or should bank information be subsequently rejected at any time, future payments will be made annually to the owner at their address of record.

If you would like to begin your payments as of a particular date, please specify ____/____/____. Allow at least 15 days from the date submitted for processing.

SECTION IV. SPECIAL RULE FOR YOUNG SPOUSAL BENEFICIARY

Check here if you meet **BOTH** of the following requirements and you want to have your payments based on the applicable joint life factor.

- You have designated your spouse as the sole primary beneficiary under your contract **AND**
- Your spouse is more than 10 years younger than you.

Name of Spouse: _____ Date of Birth: _____ SS#: _____

Section V. PAYMENT INFORMATION

Payments to the Owner at the address above.

Payments are to be sent directly by Electronic Funds Transfer (EFT) to my bank account listed below. Please complete the information below and ***attach a voided check, if applicable.*** I also authorize the appropriate GAFRI Company and the financial institution indicated below to adjust any over-deposit made to my account.

Bank Name: _____ **Checking** **Savings**

Bank Address: _____ **Branch:** _____

Bank Phone #: _____ **Account #:** _____

Routing #: _____

Please note that an EFT transaction normally takes 2-3 business days for the funds to be credited to your bank account.

SECTION VI. INCOME TAX WITHHOLDING

If a withholding preference is not indicated, 10% will be withheld for federal income tax. State income tax withholding may also apply. Even if federal and state income tax are not withheld, you are liable for payment of federal and/or state income tax on the taxable portion of the distribution. You may also be subject to penalties under the estimated tax payment rules if your withholding and estimated tax payments, if any, are not adequate.

- Do NOT** withhold federal income tax.
- Withhold** federal income tax. To have MORE than 10% federal withholding, specify TOTAL percentage: _____%.

Any withholding election will remain in effect until revoked. You may revoke any withholding election for any payments not yet distributed by notifying the appropriate GAFRI Company in writing at any time.

SECTION VII. APPLICATION OF REQUIRED MINIMUM DISTRIBUTION RULES

The Life Distribution Options may be used to help meet the Required Minimum Distribution for this Qualified annuity contract. The payments calculated under these options take into account only this single Qualified contract and will not make the minimum distribution required for any other Qualified annuity contract, account, or plan. Please check one of the following options:

- Please start payments with the current year.
- I reached age 70½ or retired after age 70 ½ [403(b) TSAs, 401 Pension/Profit Sharing plans, and 457 plans only] during the last calendar year. Please include my Required Minimum Distribution for the last year in my first payment along with the amount for this year. **Note: This enrollment form must be submitted at least fifteen days prior to April 1st in order to allow us to meet the IRS April 1st payment date.**

SECTION VIII. OWNER ACKNOWLEDGMENT AND SIGNATURE AUTHORIZATION

I UNDERSTAND THE FOLLOWING CONDITIONS:

1. Payments under a Life Distribution Option will be reduced by any withdrawals taken from the annuity contract during the same calendar year. The sum of the withdrawals under a Life Distribution Option should satisfy the Required Minimum Distribution for this annuity contract for the current year IF no withdrawals from the annuity contract were direct transferred or rolled over to another qualified policy. If any such direct transfers or rollovers occurred, then payments under the Life Distribution Option will be insufficient to satisfy the Required Minimum Distribution for this annuity contract.
2. If the special rule for a Young Spousal Beneficiary applies, you are responsible for notifying the appropriate GAFRI Company promptly of any divorce, death, or designation of another primary beneficiary. Failure to provide such notice may cause payments under the Life Distribution Option to be insufficient to satisfy the Required Minimum Distribution for this annuity contract.
3. All checks under a Life Distribution Option are payable to the annuitant and cannot be rolled over or direct transferred.
4. I am personally responsible for any income tax implications of my election.
5. Under certain annuity contracts, the Annuity/Account Value is available upon maturity only if payments are to be made for life or for a minimum number of years. Any payments made under the ESP Program will not apply toward meeting any such minimum requirement.
6. Payments will be subject to the "Easy Systematic Payment Program Terms and Conditions for Life Distribution Options," which I have received and read, and which I should keep for future reference.

I HAVE READ, UNDERSTOOD, AND AGREED to the Terms and Conditions of the Easy Systematic Payment Program for Life Distribution Options. **I AUTHORIZE** the appropriate GAFRI Company to process this ESP Program election.

Signature of Owner: _____ Date: _____

SECTION IX. PLAN ADMINISTRATOR CERTIFICATON AND AUTHORIZATION (if applicable)

Name of Employer Plan:	Name of Plan Administrator:	Plan Administrator Phone:
_____	_____	_____

The Plan Administrator certifies that the distributions requested are permitted under the employer's plan and authorizes the appropriate GAFRI Company to process the request as indicated above.

Signature of Plan Administrator: _____ Date: _____



**EASY SYSTEMATIC PAYMENT (ESP) PROGRAM
TERMS AND CONDITIONS FOR LIFE DISTRIBUTIONS OPTIONS**
(for Qualified Annuity Contracts Over Age 70½ Only)

DETACH AND RETAIN THIS SECTION FOR YOUR RECORDS

SECTION I. INSTRUCTIONS

To enroll in a Life Distribution Option under the ESP Program, complete the first two pages of the “*Easy Systematic Payment Program Election Agreement*” and forward to our office. The completed form along with any other necessary paperwork should be returned to the appropriate GAFRI Company at least 15 days before the requested payment date. Please detach this portion of the form and retain for your records. Should you have any questions, please contact your agent or our Client Relations Department.

SECTION II. DESCRIPTION OF LIFE DISTRIBUTION OPTIONS

Subject to age limits and restrictions set out below, and the additional terms and conditions stated in Section III, the owner of a qualified [403(b) TSA, IRA, 401 Pension/Profit Sharing/401(k) plans, 457 plans, SEP-IRA, or Simple IRA] annuity contract may elect one of the following Life Distribution Options:

RECALCULATION OPTION

- **Age Limits.** You must be 70½ or older in the calendar year that you enroll.
- **Amount of Payments.** The amount to be paid for any given year will be determined by dividing the Annuity/Account Value as of the end of the prior year by the life expectancy factor for the distribution year, and then subtracting any distributions already made during the current calendar year. In the case of monthly payments, the amount to be paid in any given month will be equal to the remaining amount for the year divided by the number of remaining months in the current calendar year.

MINIMUM RECALCULATION OPTION [for 403(b) TSAs only]

- **Age Limits and Record Requirements.** You must be 70½ or older, but not more than 74, in the calendar year that you enroll. The appropriate GAFRI Company must have sufficient written information to determine the 12/31/86 balance remaining in the 403(b) TSA contract.
- **Amount of Payments.** For years ending before you reach age 75, the amount to be paid for any given year will be determined by reducing the prior year-end Annuity/Account Value by the 12/31/86 balance remaining in the annuity contract, then dividing by the life expectancy factor for the distribution year, and then subtracting any distributions already made during the current calendar year. In the case of monthly payments, the amount to be paid in any given month will be equal to the remaining amount for the year divided by the number of remaining months in the current calendar year. For years in which the owner will be age 75 or older, payment amounts will be determined as outlined under the Recalculation Option above.

SECTION III. ADDITIONAL TERMS AND CONDITIONS

The following additional terms and conditions apply to Life Distribution Options for the Easy Systematic Payment Program (ESP Program):

QUALIFICATION FOR ESP PROGRAM

1. **Eligibility.** Available to Qualified annuity contracts only. **The ESP Program is ONLY available on certain contracts. Please contact the Home Office for the approved participating contracts.**
2. **Age Restriction.** Qualified policyholder must be 70½ or older in the calendar year of enrollment. For the Minimum Recalculation Option, the 403(b) TSA policyowner must not be over age 74.
3. **Minimum Surrender Value.** A \$1,000 minimum Surrender Value is necessary to elect a Life Distribution Option. For the TSA I, IRA I and GALIC® 2000 (when issued as a qualified annuity), to enroll in the ESP Program, the Annuity Value must equal at least one-half of the flexible premiums paid into the annuity contract. ESP payments under a TSA I, IRA I, or GALIC 2000 will stop if at any time the sum of the current Surrender Value plus payments from your current participation in the ESP Life Distribution Option do not at least equal one-half of the flexible premiums.

RESTRICTIONS ON ESP PROGRAM

4. **Restrictions on Entry.** You may not enter the ESP Program during the first contract year. You may not enter the ESP Program after payments are made under a settlement option. You may enroll in only one ESP Program option, per annuity contract, at any one time. If you discontinue payments when permitted, you may not re-enter the ESP Life Distribution Program for 12 months.
5. **Default Loan Restriction.** You may not enter the ESP Program if you have a loan in a default status. You will also be automatically terminated from the ESP Program if an active loan later defaults while enrolled in the program.

SECTION III. ADDITIONAL TERMS AND CONDITIONS (continued)

CHANGES AND OTHER ANNUITY CONTRACT ACTIVITY

6. **Changes Limited.** You may not change or revoke a Life Distribution Option election in any year except to convert to a settlement option that provides for payments which are at least as rapid as the Life Distribution Option.
7. **Withdrawals, Loans, and Contributions.** While participating in an ESP Life Distribution Option, partial withdrawals, surrenders, loans, and flexible contributions are permitted. A partial withdrawal will reduce the amount of the Life Distribution Option payments to be made later in that year.

PAYMENT AMOUNTS AND TERMS

8. **Duration of Payments.** Unless changed or terminated as provided in these terms and conditions, payments under a Life Distribution Option will continue for your life.
9. **Life Expectancy Calculations.** Payments under a Life Distribution Option will be calculated based on life expectancies as determined in accordance with the Required Minimum Distribution rules of federal tax law.
10. **Required Minimum Distribution.** Payments under a Life Distribution Option will be reduced by any withdrawals taken from the annuity contract during the same calendar year. The sum of the withdrawals under a Life Distribution Option should satisfy the Required Minimum Distribution for this annuity contract for the current year IF no withdrawals from the annuity contract were direct transferred or rolled over to another qualified policy. If any such direct transfers or rollovers occurred, then payments under the Life Distribution Option will be insufficient to satisfy the Required Minimum Distribution for the annuity contract.
11. **Special Rule for a Young Spousal Beneficiary.** If the special rule for a Young Spousal Beneficiary applies, you are responsible for notifying the appropriate GAFRI Company promptly of any divorce, death, or designation of another primary beneficiary. Failure to provide such notice may cause payments under the Life Distribution Option to be insufficient to satisfy your Required Minimum Distribution for the annuity contract.
12. **No Rollover or Direct Transfer.** Life Distribution Option payments under the ESP Program are not Eligible Rollover Distributions and may not be rolled over or direct transferred.
13. **Payment Frequency.** Payments will be made annually unless a monthly payment election is in effect. Monthly payments are only available via electronic funds transfer to the owner's checking or savings account and are not available for certain annuity products. If bank information is not provided and/or should bank information be subsequently rejected at any time, future payments will be made annually by check mailed to the owner at their address of record. Monthly payments are not available for the TSA II product series, Galic 2002 product series, IRA II product series, Galic SP product, SP7 & SP10 product series, SP7R & SP7R+6 product series, or Galic +5 product.
14. **Program Changes and Termination.** The company reserves the right to change or terminate the ESP Program at any time without notice.

EFFECT ON OTHER ANNUITY CONTRACT PROVISIONS

15. **Surrender Charges.** Surrender Charges, if any, will be waived on an amount equal to the Life Distribution Option payments unless the contract is surrendered within 12 months of the distribution. If surrendered within 12 months, then any applicable charges will be retroactively applied. Life Distribution Option payments for a year will reduce the amount of any other penalty-free withdrawals which otherwise may be available under the annuity contract during that year. A partial withdrawal will reduce the amount of the Life Distribution Option payments to be made later in that year. Proportionality adjustments, if any, may apply to amounts withdrawn for Life Distribution Option payments.
16. **Availability of Annuity/Account Value.** Under certain annuity contracts, the Annuity/Account Value is available upon maturity only if payments are to be made for life or some minimum number of years. Payments under the ESP Program will not count toward meeting any such minimum requirement. For the TSA I, IRA I, and GALIC 2000 (when issued as a qualified annuity), the Annuity Value is only available if it at least equals one-half of the flexible premiums paid into the annuity contract. For the sole purpose of this one-half rule, payments from your current participation in the ESP Program election will be added back to the Annuity Value upon any conversion from the ESP Program to a settlement option.
17. **Loans.** If an outstanding loan reduces the net Surrender Value at the time of the payment to an amount less than the payment amount, the appropriate GAFRI Company will default the entire loan balance to satisfy the payment, which will create a taxable event for the amount of the entire loan.
18. **Effect on Any Persistency Bonus.** Payments under the ESP Program may reduce the values used to calculate the persistency bonus under the annuity contract, if applicable. As a result, the annuity contract may not qualify to receive any such bonus, or the amount of any such bonus may be reduced accordingly.
19. **Contract Minimums Waived.** Any minimum Surrender Value requirement of the annuity contract will be waived. If, at any time, the Surrender Value is reduced to \$0, the annuity contract will have no cash value and may not be surrendered. Life Distribution Option payments will then cease and the contract owner must elect a Settlement Option or the contract will be terminated.

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