

MARKET SHIELD PLUS

MARKET SHIELD PLUS GIVES YOU THE OPPORTUNITY TO PARTICIPATE IN STOCK MARKET GROWTH ON A TAX-DEFERRED BASIS, WITH PROTECTION AGAINST THE LOSS OF YOUR MONEY.

THE OPTIONAL INCOME SHIELD RIDER PROVIDES YOU WITH GUARANTEED INCOME AND MORE FLEXIBILITY.

MAXIMIZE GROWTH AND MINIMIZE RISK



Planning for your retirement presents a unique challenge:
you want to enjoy your new found freedom without sacrificing long-term financial security.
So, how can you live the life you want in retirement and not outlive your income?



The time to plan is now. Discover how *Market Shield Plus* can help you achieve a pension-like income for retirement, by reducing costs, maximizing growth, and protecting your savings from market uncertainty.



WHAT IS A SINGLE PREMIUM ANNUITY?

An *annuity* is a contract between you and an insurance company, designed to help you build a stream of retirement income.

You make an upfront purchase with a single payment and allow your money to grow, on a tax-deferred basis, until you need it.

With *Market Shield Plus*, you can decide how your funds are allocated, choosing from the available index-linked options. As market conditions improve, your annuity's value will increase based on your allocation selections. If the market declines, your annuity will not lose value.*

* If you choose the Income Benefit Rider, rider charges will be deducted from your Account Value. You may incur surrender charges if you choose to terminate the contract before the end of the surrender charge period.

Meanwhile, the power of tax deferral helps your assets grow. You will not have to pay income tax on your earnings until you begin receiving income payments from your contract.**

When you are ready to begin receiving distributions, you have the flexibility to decide when and how to receive them. We offer a variety of annuitization options for you to choose from, including:

- Monthly income for life
- Monthly income for a specific period of time
- Monthly income for you and your spouse for as long as the survivor lives

** The IRS may impose a 10% tax penalty if you are under age 59 ½ at the time of withdrawal.

*Diversify your portfolio
with a tool designed to
maximize growth and
minimize risk*



DISCOVER MARKET SHIELD PLUS

RETIREMENT SAVING AT ITS BEST

Federal Life's *Market Shield Plus* allows your money to grow, on a tax-deferred basis, as market conditions improve, while simultaneously protecting your savings from market downturns. The best part is that you can do all of this without directly investing in the stock market.

Market Shield Plus offers:

- Earnings based on S&P 500^{®1} Index gains
- Protection when the Index declines

Additionally, our premium bonus will help maximize the growth of your savings, regardless of market performance.

ALLOCATION OPTIONS

Market Shield Plus allows you to split your funds between three different allocations:

- Fixed Allocation (with competitive current interest rate and guaranteed minimum interest rate)
- S&P 500^{®1} Annual Point-to-Point Index with Cap Allocation
- S&P 500^{®1} Annual Point-to-Point Index with Participation Rate Allocation

FLEXIBILITY WHEN YOU NEED IT

After the first contract year, *Market Shield Plus* allows you to withdraw up to 10% of your Account Value penalty free each year.

GUARANTEED SECURITY

Your principal is protected from market fluctuations, so you will not lose money when the market declines.*

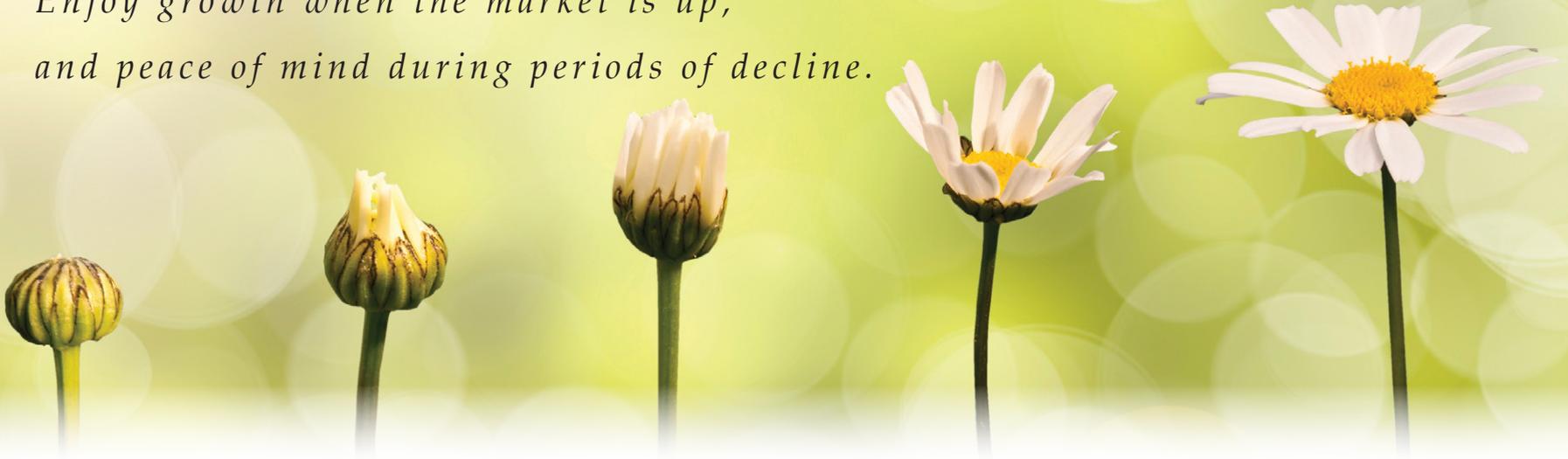
*Rely on our
experience*



Since 1899

* You may incur surrender charges and lose any unvested bonus if you choose to terminate the contract before the end of the surrender charge period. If you choose the Income Benefit Rider, rider charges will be deducted annually from your Account Value. Please refer to contract for terms and conditions.

*Enjoy growth when the market is up,
and peace of mind during periods of decline.*

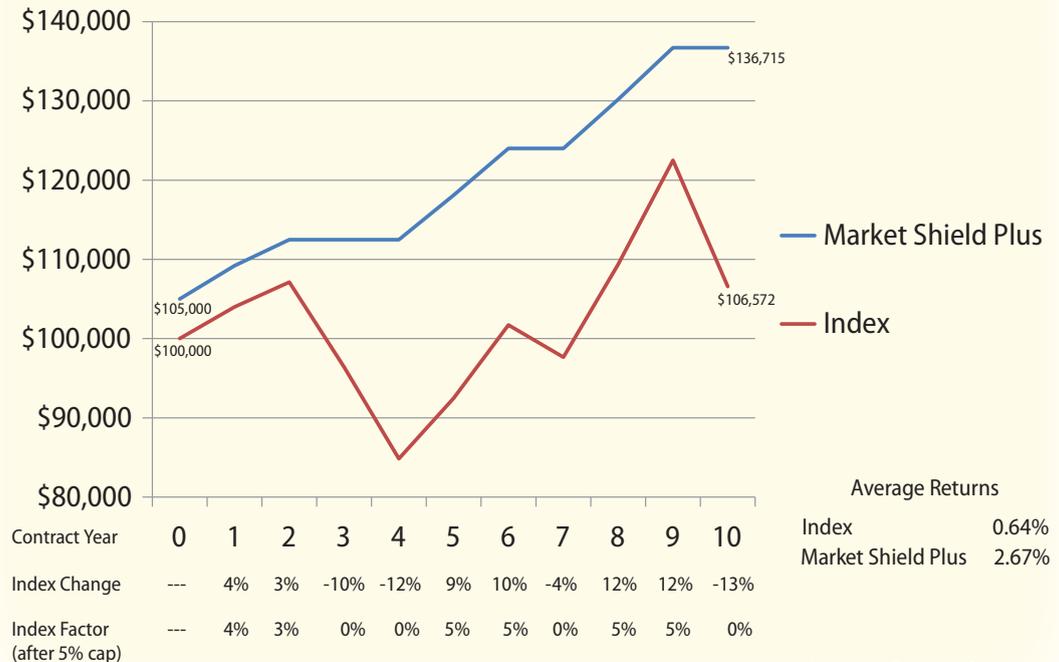


THE IMPACT OF MARKET VOLATILITY ON LONG-TERM SAVINGS

The following example illustrates the growth of a \$100,000 premium over a ten year period, with hypothetical Premium Bonus (5%), Cap (5%), and index changes. This example assumes 100% of the Account Value is allocated to the S&P 500^{®1} Annual Point-to-Point Index with Cap Allocation.

* This chart includes hypothetical index changes for illustrative purposes only. This sample illustration should not be considered representative of current or future performance. This example assumes no withdrawals or surrender charges. Refer to contract for Premium Bonus and bonus vesting schedule. All rates are subject to change. Withdrawals made before age 59 ½ may be subject to a 10% IRS penalty. Refer to contract for complete terms and conditions.

Initial Premium	\$100,000
Premium Bonus	\$ 5,000
	<hr/>
	\$105,000



MARKET SHIELD PLUS PRODUCT DETAILS

Discuss the benefits of adding Market Shield Plus to your retirement portfolio with your Federal Life representative today.

ISSUE REQUIREMENTS

- Issue Ages: 0-80 (age last birthday)
- Minimum Single Premium: \$10,000

WITHDRAWALS

You may withdraw all of your money any time, though withdrawal charges may apply, and you may lose all or part of the Premium Bonus. In each contract year, you may make partial withdrawals following these guidelines:

- After the first contract anniversary, up to 10% of the beginning of year Account Value can be withdrawn each contract year free of withdrawal charges.
- Earnings withdrawn before age 59 ½ may be subject to a 10% IRS penalty.

DEATH BENEFIT

The death benefit for *Market Shield Plus* is your contract's Account Value – that is, the premium paid plus the Premium Bonus, plus interest earned, less any prior withdrawals and withdrawal charges. After the contract has been annuitized, the death benefit is subject to the terms of the annuity income option selected.

ANNUITY INCOME OPTIONS

In lieu of receiving a lump sum payment, you or your beneficiary may choose guaranteed annuity income.

Options include but are not limited to:

- Monthly income for life
- Monthly income for a specific period
- Monthly income for you and your spouse for as long as the survivor lives

If you choose to receive annuity income during the first five contract years, your contract's Cash Value is applied to the chosen option. If you annuitize after the first five contract years, your full Account Value is applied to the chosen option.

SURRENDER/WITHDRAWAL CHARGES

Contract Year	1	2	3	4	5	6	7	8	9	10	11+
%	9.0%	8.1%	7.2%	6.3%	5.4%	4.5%	3.6%	2.7%	1.8%	0.9%	0%

Flexibility and Control

Market Shield Plus offers four Index Points per calendar year, allowing you to adjust the allocation of your funds to help you achieve your retirement goals.

INDEX-LINKED ALLOCATIONS

S&P 500^{®1} Annual Point-to-Point Index with Cap – At the end of each allocation period, funds in this allocation will be credited interest based on the change between the index price on the first day of the allocation period and the index price on the last day of the allocation period, up to the cap. Earnings will never be less than zero.

S&P 500^{®1} Annual Point-to-Point Index with Participation Rate – At the end of each allocation period, funds in this allocation will be credited interest based on the change between the index price on the first day of the allocation period and the last day of the allocation period, multiplied by the specified participation rate. Earnings will never be less than zero.

FIXED ALLOCATION

Funds in the Fixed Allocation are credited interest every day based on the current fixed interest rate for that day. This allocation offers added security – the current fixed rate will never be less than the guaranteed minimum fixed rate.

BONUS VESTING SCHEDULE

*Market Shield Plus offers an attractive introductory Premium Bonus that is added to your Account Value when your contract is issued. If you surrender your contract during the first 10 years, you may lose all or part of your Premium Bonus.**

The Premium Bonus is vested according to the following schedule:

Contract Year	1	2	3	4	5	6	7	8	9	10	11+
Vested %	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%

CHANGES IN ACCOUNT ALLOCATION

Your Account Value is initially allocated to the Fixed Allocation. There are four Index Points per calendar year. You have the opportunity to adjust your fund allocations on those dates. An Index Allocation Period runs from an Index Point in one calendar year to the same Index Point in the next year. In order to earn interest in an indexed allocation, your funds must remain there for a complete Index Allocation Period.

* Please refer to contract for complete terms and conditions.

I N C O M E S H I E L D

The Income Benefit Rider

You want to enjoy your retirement without worrying about whether or not you will outlive your retirement income. *Market Shield Plus* and *Income Shield* can help by providing a stream of guaranteed income.

You can purchase *Income Shield*, an income benefit rider, for an annual fee, to complement *Market Shield Plus*. As an added convenience, the annual rider fee will be automatically deducted from your Account Value.

*Income Shield** provides a guaranteed minimum annual Income Withdrawal benefit to be made throughout your entire lifetime, even after your Account Value has been depleted.

You can begin receiving retirement income without annuitizing your contract. If you decide to stop receiving Income Withdrawals, you will have access to your full Cash Value.

You may elect to begin Income Withdrawals any time after the specified rider waiting period, as long as you meet the minimum age requirement (age 50).

**Income Shield* must be purchased with *Market Shield Plus*. It cannot be added to the contract after the original purchase date. Please refer to contract for complete terms and conditions.

Income Withdrawal Percentages		
Age	Single	Joint
50-54	3.25%	2.75%
55-59	3.75%	3.25%
60-64	4.25%	3.75%
65-69	4.75%	4.25%
70-74	5.25%	4.75%
75-79	5.75%	5.25%
80-84	6.25%	5.75%
85-89	6.75%	6.25%

At issue, the Benefit Base is equal to the single premium plus the income benefit bonus. The Benefit Base will then earn interest annually at a fixed rate until you begin taking Income Withdrawals or through contract year 10, whichever occurs first.

Your Income Withdrawal Amount is calculated by multiplying your Benefit Base amount by the Income Withdrawal Percentages as shown in the chart above. In the chart, age is attained age at first Income Withdrawal. Percentages vary based on whether you elect to receive Income Withdrawals as a single or joint annuitant.



Additionally, in years when the market does well, your *Income Shield* Benefit Base is recalculated to match your Account Value. This may increase your annual Income Withdrawal Amount.



Since 1899

Federal Life has been helping individuals build their retirement savings since 1899. Trust in our long-standing tradition of strength and stability.

W H Y F E D E R A L L I F E ?

Federal Life Insurance Company (Mutual) is an independently operated provider of quality life insurance and annuity products, incorporated in 1899. We are headquartered in Riverwoods, Illinois, a suburb approximately thirty miles north of Chicago. Federal Life is proud of its long-standing tradition of financial strength and stability. Our company has survived times of war and endured economic crises. *If you want a company with staying power, you want Federal Life.*

*Unlike many companies who have merged, or closed their doors, we remain strong and progressive in an ever-changing world. For over a century, Federal Life has been protecting lives, generation after generation. When you purchase a life insurance or annuity plan with Federal Life, you gain peace of mind knowing that your loved ones are protected, and that *we will be here when you need us.**



BBB Rating: A+

Chicago and Northern Illinois

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Index-linked returns do not include the portion of returns generated by the underlying index that come from dividends. The elements used in determining the interest rate from the index are not guaranteed after the first contract year and may be changed by the Company, subject to the guarantees in the contract. Any such changes affect the return.

Annuity contracts are products of the insurance industry and are not guaranteed by any bank or insured by the FDIC.

Market Shield Plus is a single premium deferred annuity with fixed and index-linked options underwritten by Federal Life Insurance Company (Mutual). This brochure is not a contract. Refer to the contract for complete terms and conditions. Federal tax penalties may be imposed upon certain transactions. Review your personal tax situation and your use of annuities with your attorney or tax advisor.

Envision
where you want to be...



We're here for you.



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