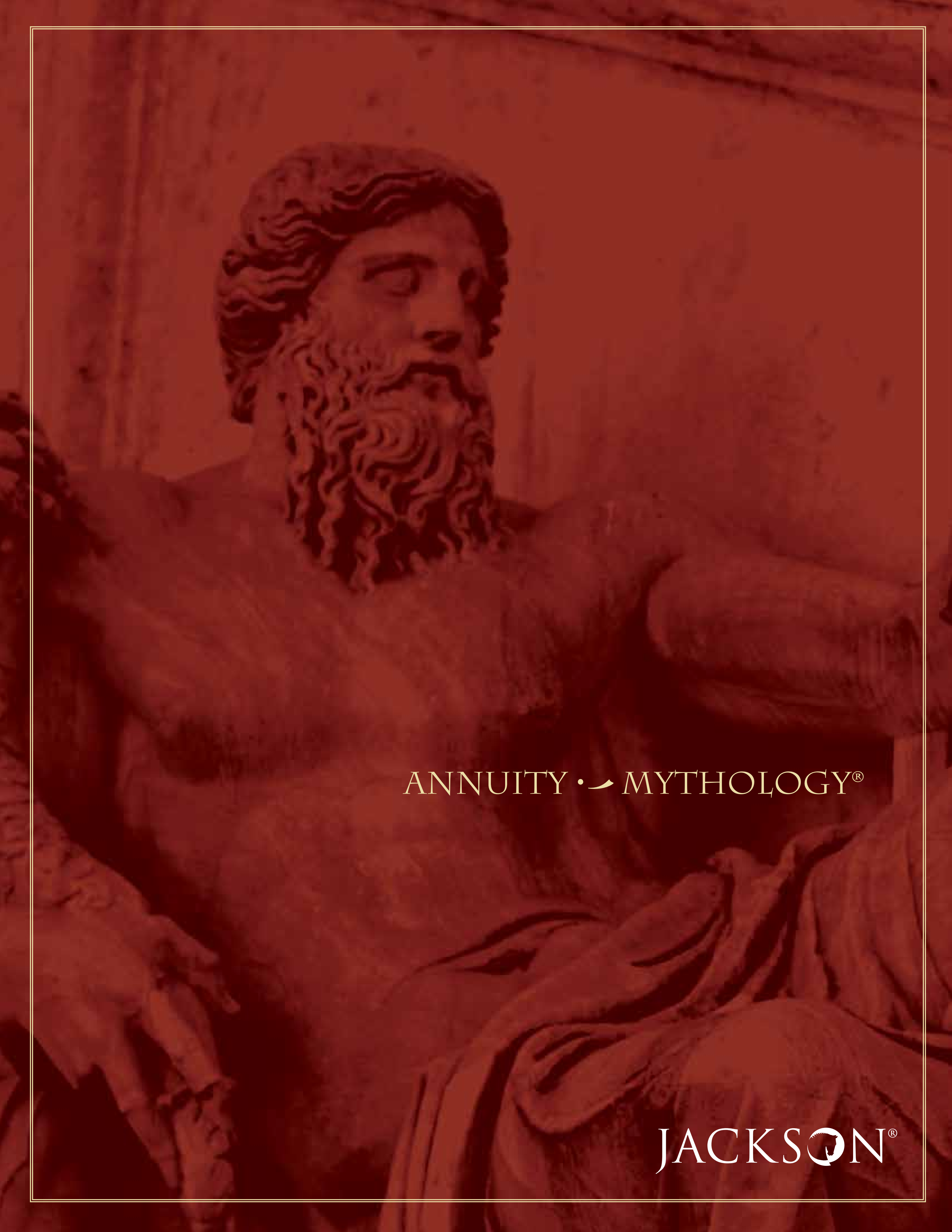
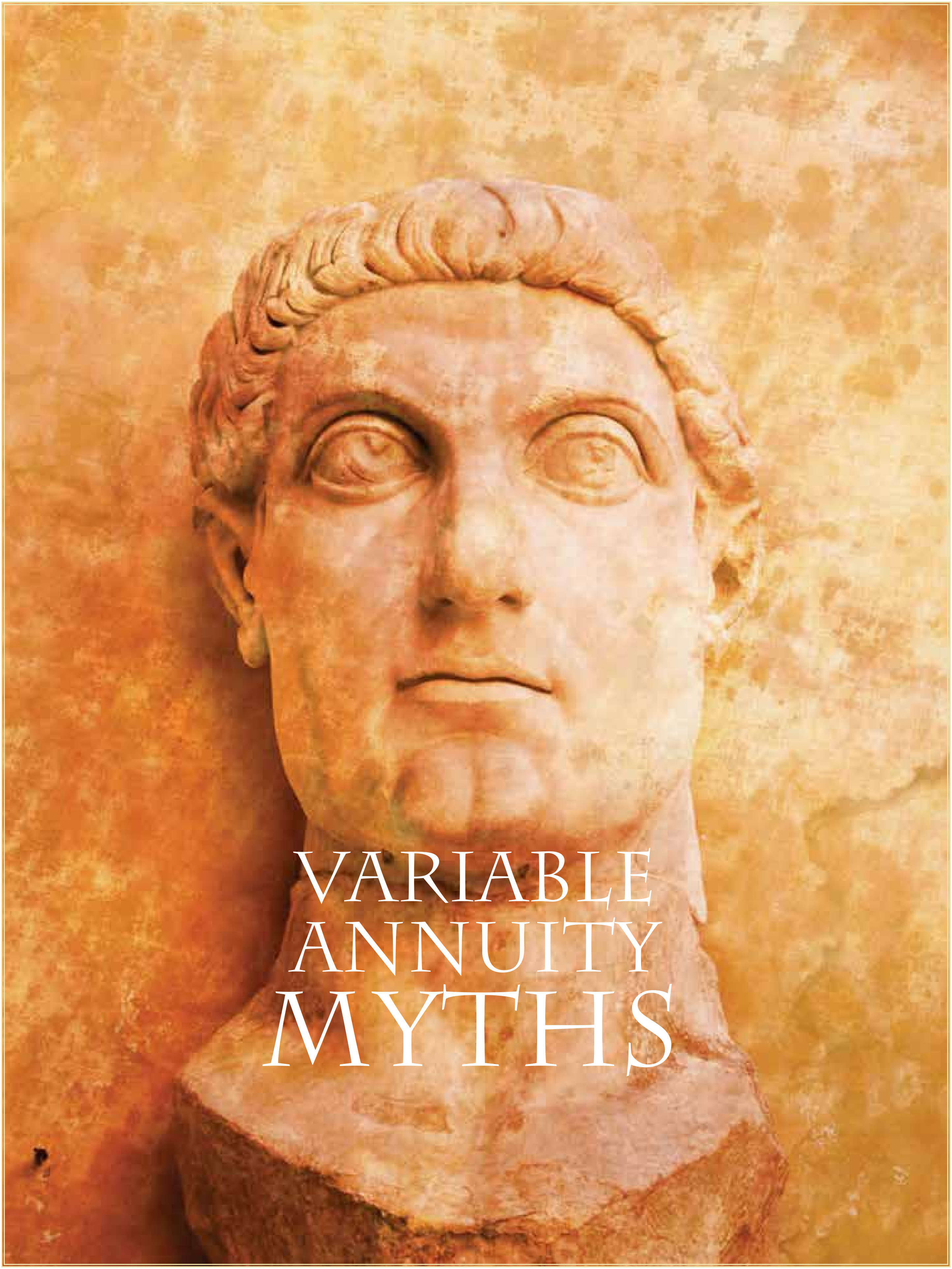


ANNUITY · MYTHOLOGY®

JACKSON®

ANNUITY MYTHOLOGY

In its most basic definition, mythology is the study of myths. While mythology is commonly associated with ancient religious and belief systems, the concept can be readily transferred to modern-day myths surrounding annuities. Misconceptions abound, having gained a foothold with both the general public and the media. These misconceptions stem largely from a lack of information. Many people simply do not understand the purpose of an annuity or how one can be positioned within a portfolio to uniquely address and serve an investor's needs. The key to dispelling annuity myths and breaking the mythology is to inform the public. Only then can the underlying benefits and product features be understood and properly utilized. This booklet is intended to do just that.


VARIABLE
ANNUITY
MYTHS

MYTH

"Annuities are prohibitively expensive."

One persistent myth is that variable annuities are dramatically overpriced and simply cost too much. The reality is that annuities may be considerably more expensive than other investment options, but they also offer a variety of benefits that may be valuable to investors.

Annuities are long-term, tax-deferred vehicles designed for retirement. As contracts with insurance companies, annuities can provide valuable death benefit protection for your heirs should you die prematurely or they can provide you with guaranteed income options regardless of how long you live. Plus, today's unbundled annuities can be custom built so you pay only for features and benefits that are important to you.

So are the benefits worth the price? Well, that depends on you. If things like tax-deferred growth potential, tax-free exchanges, income guarantees and death benefits for your heirs are appealing, then a variable annuity might be right for you.

The Benefits of an Annuity	
Tax deferral	✓
Income options	✓
Death benefit protection	✓
Tax-free exchanges	✓

Tax deferral offers no additional value if an annuity is used to fund a qualified plan, such as a 401(k) or IRA and may not be available if the annuity is owned by a "non-natural" person such as a corporation or certain types of trusts.
Guarantees are backed by the claims-paying ability of the issuing insurance company and do not apply to the principal amount or investment performance of the separate account or its underlying investments.

REALITY

While annuities may be considerably more expensive than other investment options, they offer a variety of benefits that may be valuable to investors.

MYTH

"Annuities provide no additional value when held by a qualified plan or an IRA."

Many people argue that qualified money doesn't belong in individual annuities because you end up paying for the benefit of tax deferral. But what an investor is actually paying for are the additional benefits that an annuity can provide.

Qualified plans, such as 401(k)s and IRAs, offer several benefits that can help the investor grow their retirement income. From a tax perspective, they not only offer the investor the ability to grow their money tax deferred, but the investor can also make tax-free contributions to the plan. In addition, because these plans are qualified, they offer the potential for employer contributions—adding to the investor's income more quickly than if they were just contributing by themselves. So why invest qualified assets in an annuity?

It is important to note that annuities are not appropriate for these types of plans if the only benefit of the product is tax deferral. Nor are they intended for short-term investors or when required minimum distributions will result in a withdrawal charge. However, annuities may be appropriate for qualified plans when tax deferral isn't the only thing the investor is considering.

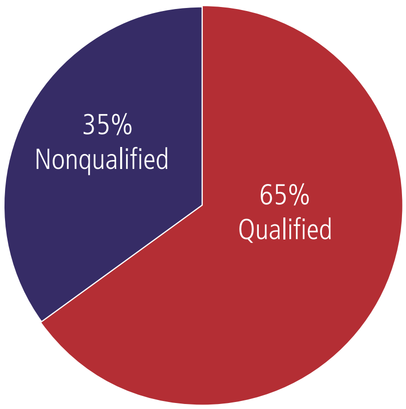
As we talked about earlier, there are significant costs associated with annuities, but they also offer guarantees from additional benefits that an investor won't receive as part of the qualified plan.

Annuities offer guaranteed standard benefits as part of the contract, such as a death benefit. For those investors looking for a way to provide a legacy for their heirs, the death benefit provided by an annuity means they have a guarantee that money will pass to their heirs upon their death.

Variable annuities also offer living benefits, for an extra charge in addition to the ongoing fees and expenses of the variable annuity. Living benefits, like some guaranteed minimum withdrawal benefits, can provide guaranteed income for life to the investor, no matter what happens in the market. This can be an important consideration for investors looking for a way to ensure that they won't outlive their retirement income.

Many investors are moving qualified money into annuities—providing them with these additional benefits. In fact, 65% of the total premium in the VA industry is qualified money—that's $44.1 billion in Q3 of 2017 of premium in qualified plans.[1]

Annuity Sales[1]



[1] Morningstar, Inc., "Total VA Sales Qualified vs. Non-Qualified," pulled February 2018.

Tax deferral offers no additional value if an annuity is used to fund a qualified plan, such as a 401(k) or IRA and may not be available if the annuity is owned by a "non-natural" person such as a corporation or certain types of trusts.

Guarantees are backed by the claims-paying ability of the issuing insurance company and do not apply to the principal amount or investment performance of the separate account or its underlying investments.

REALITY

Annuities are considerably more expensive, but offer additional benefits that may provide a reason to invest qualified assets in them.

MYTH

"Annuities are not good investments because gains, when withdrawn, are taxed at higher ordinary income tax rates than other investments."[1]

A common misconception is that annuities have less attractive tax rates than other investments that are subject to long-term capital gain rates. The reality is that the long-term tax treatment is much more favorable than many people might believe, plus tax-deferred annuities have the added potential to accumulate significantly more than vehicles that may be subject to taxation each year.

On the surface, gains withdrawn from annuities are taxed as ordinary income with rates as high as 37% (excluding the Healthcare Reform tax). But that's not the whole story.

We have a progressive income tax system in the United States. In theory, that means the more income you make, the higher the tax rate you pay. However, our system actually blends all the rates as you move up the scale. For example, a married couple, filing jointly, and earning $77,400 to $165,000, will pay between 11.5% and 17.1% on their earnings.[2]

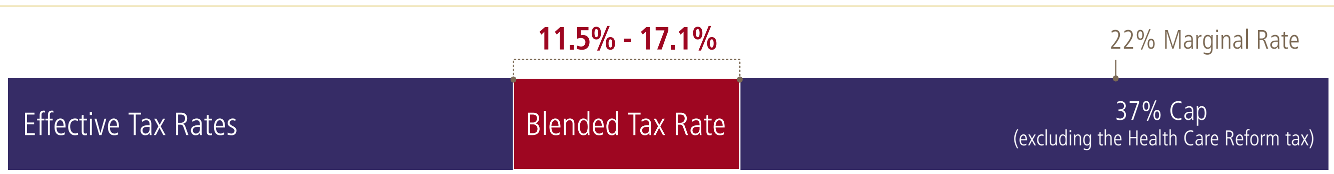
The blended rate depends on their actual income within the range. At the top of the range, the rate will be close to 17.1%. That's far less than the 22% marginal rate. So with an annuity, you're really not talking about a vehicle taxed at 37% (excluding the Healthcare Reform tax).

Additionally, people tend to focus strictly on the effect of taxation during the income stage, without considering the substantial advantage of tax deferral. Many investments are taxed annually. Therefore, when the tax bill is paid from the account, the assets are reduced each year and your income could also be reduced. Because annuities are not subject to annual taxation, they can provide greater potential asset growth over time, and the dollars that otherwise would go to pay taxes remain in your possession. Of course, at the time withdrawals are taken, taxes will be incurred on untaxed earnings.

So when you break it down, greater potential for tax-deferred accumulation coupled with a blended tax system can translate into a significant advantage.

Please note: The tax rate for long-term gains is 0%, 15%, or 20%, depending on income.[1]

Effective Tax Rates



[1] IRS, "Topic 409 - Capital Gains and Losses," last reviewed May 01, 2017.

[2] IRS Rev Proc 2016-55, Section 3, data pulled February 2018. Senate Amendment H.R. 1, 12.20.17.

REALITY

The effective tax rates on variable annuities are seldom as high as you might think.

MYTH

Annuities are a poor asset to inherit as they are subject to double taxation.

The tax treatment of an annuity at the owner's death is often misunderstood. Many fear that because the annuity may be subject to both estate and income taxes upon the death of an affluent owner, its tax advantage is often sacrificed.

Actually, most persons will never owe estate taxes unless their current estate and past gifts exceed $11.2 (2018) million. Also, annuities can have advantages over other investment types allowing beneficiaries to receive substantial sums with a fair measure of tax efficiency.

To compensate for the threat of double taxation, the Internal Revenue Code provides an income tax deduction to the beneficiary for any transfer taxes paid by the estate on certain assets (i.e., annuities) deemed to be Income in Respect of a Decedent (IRD).

Although it may only be declared as an itemized deduction, IRD is not subject to the 2% floor that other, miscellaneous itemized deductions must exceed. Thus, it is fairly easy for the beneficiaries to claim.

Case Study.[1] Suppose Mary purchased a deferred annuity with part of her estate for $500,000 several years ago and dies in 2017 with the annuity having a fair market value of $1 million. Assume her son Tom is the sole beneficiary of the estate and that both her estate and Tom are in the highest applicable federal tax bracket.

If the annuity was actually subject to both the full estate tax and income taxes, the $1 million annuity would decrease to only $383,000 after Mary's estate pays $400,000 in estate tax, as with any other investment, and Tom pays $217,000 in income taxes from the gain. However, once the IRD deduction is considered, the value to Tom rises substantially.

If Tom does not immediately need the cash he may continue the tax deferral of the annuity by taking only required minimum distributions to "stretch" out the annuity payments and allow the annuity to potentially grow in value. If this option is selected, any taxable gain that Tom receives from the annuity may be reduced by the IRD deduction, up to an annual threshold, with any unused deduction amounts carried forward to future returns.

The reality is that any asset in a substantial estate will erode in value when transfer taxes are paid. Annuities can continue to defer much of the income taxes due while enjoying an IRD deduction when annuity income is received.

Step 1

Calculate the Estate Tax

• Annuity Value	$1,000,000
• Estate Tax Rate	40%
• Estate Taxes Due	**$400,000**

Step 2

Calculate the Estate Tax Minus IRD

• Annuity Value Minus IRD	$500,000
• Estate Tax Rate	40%
• IRD Deduction	**$200,000**

Step 3

Calculate Income Tax Due

• Annuity Taxable Gain	$500,000
• Less IRD Deduction	200,000
• Amount Subject to Tax	$300,000
• Heir's Income Tax Rate	40.8%[2]
• **Income Taxes Due**	**$122,400**

Investors should take into consideration possible changes to tax laws, the impact of inflation and other inherent risks when making decisions regarding distribution options.

[1] This example is hypothetical.

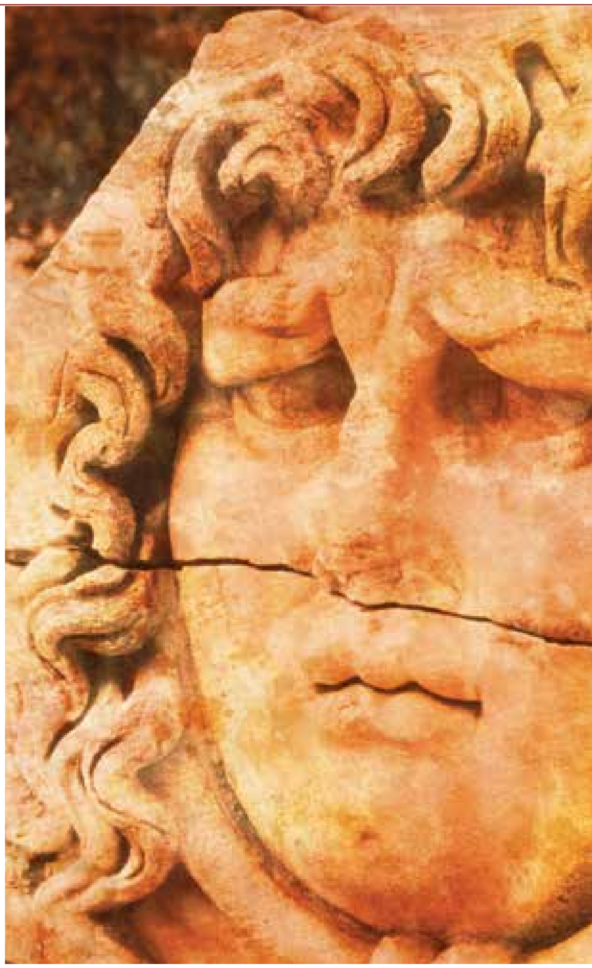
[2] Senate Amendment H.R.1, December 20, 2017.

REALITY

Annuities, when inherited, can have advantages over other investments.

MYTH

"You can add more money to a 72(t) or 72(q) program to change the income amount."



A common misconception is that by adding money to Internal Revenue Codes 72(t) or 72(q) program, you can increase the annual amount received. This is simply false. As many investors are aware, 72(t) and 72(q) allow individuals to make penalty-free withdrawals from their former employer-sponsored retirement plans. The regulations were established to ensure that individuals with a serious need for income before age 59½, such as a layoff or an early retirement situation, would have the flexibility to remove money from their retirement plans without paying the 10% additional tax.

There are, however, a few important stipulations. To remove money and avoid the penalty, withdrawals must be made in substantially equal periodic payments, which cannot be altered until age 59½ or for at least five years, whichever period is longer. One of the most common misunderstandings is that by adding money to the retirement account, either through transfers, exchanges or rollovers, you can increase the amount withdrawn each year. But the revenue codes clearly forbid this sort of material modification, insisting instead that such transactions void the individual's exception provided in Internal Revenue Codes 72(t) and 72(q). Once voided, you can expect to owe the 10% additional tax on the entire amount withdrawn in the tax year the exception is voided, plus retroactive penalties on all previous withdrawals that avoided the penalty due to this exception.

Understanding this myth can save you a big IRS headache!

The Effect on Withdrawal Requirements

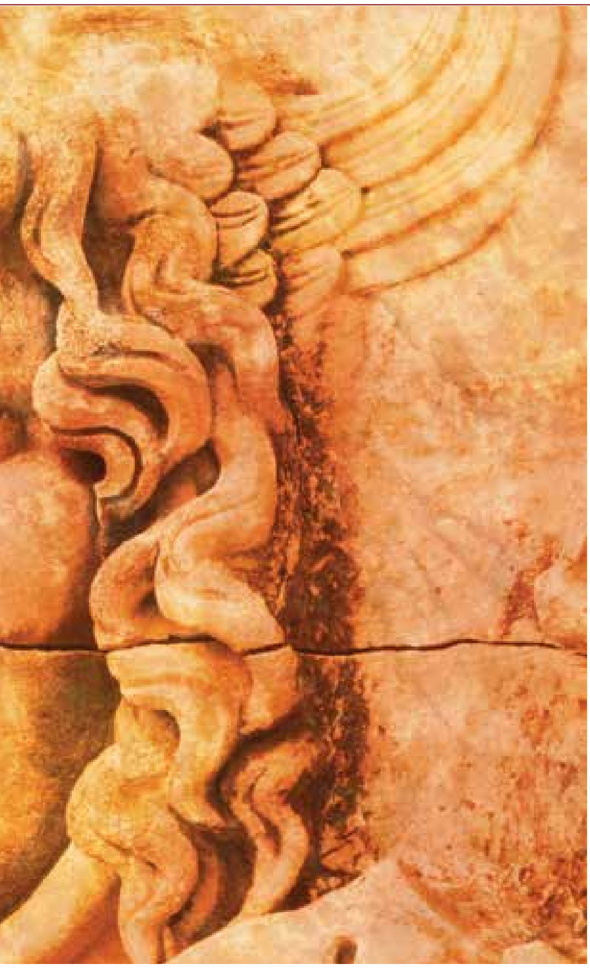
Value	$100,000
72(t) or 72(q) maximum withdrawal	$7,000 per year
Additional contribution	$50,000
Individual exception voided!	Taxes and penalties due!

The above example is purely hypothetical.

The content on this page is our summarization of information from Cornell, Title 26 U.S. Code § 72(q), data pulled February 2018.

REALITY

Adding funds to a retirement account with an existing 72(t) or 72(q) program voids the individual exception.



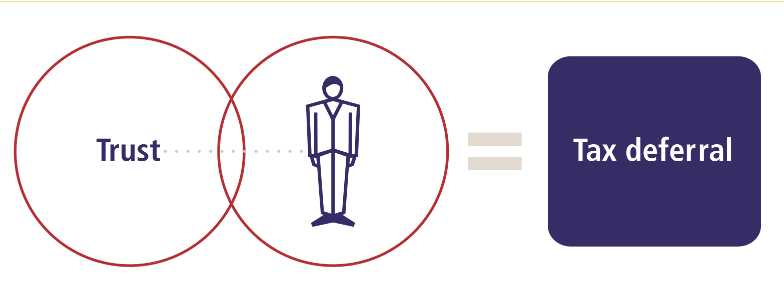
MYTH

"If a trust owns an annuity, then the annuity loses its tax-deferred treatment."

Many people mistakenly believe that when a trust owns an annuity, the tax-deferral benefit is automatically forfeited. While the rules under Internal Revenue Code 72(u) do prohibit the tax-deferred treatment for some non-natural owners, that's not the whole story. In fact, trust-owned annuities may be able to retain the tax-deferral benefit. Since 1986, Private Letter Rulings have been used to clarify when an annuity owned by a trust may still receive tax-deferred treatment. And those rulings generally hinge on the beneficial owner concept.

In a nutshell, if the beneficial owner of the trust is a person, then the tax-deferred treatment of the annuity has generally stood. And it makes sense. Annuities are long-term vehicles designed for retirement, and 72(u) usually denies tax-deferred treatment for non-natural beneficial owners. However, a trust can generally retain its tax-deferred treatment if you can establish that the trust's beneficial owner is a person.

Beneficial Nominal Relationship



Tax deferral offers no additional value if an annuity is used to fund a qualified plan, such as a 401(k) or IRA. It also may not be available if the annuity is owned by a "non-natural person" such as a corporation or certain types of trusts.

Jackson and its affiliates do not provide legal, tax or estate-planning advice. For questions about a specific situation, please consult a qualified advisor.

The content on this page is our summarization of information from Cornell, Title 26 U.S. Code § 72(q), data pulled February 2018.

REALITY

A trust, based on previous Private Letter Rulings, can potentially retain its tax-deferred treatment if the beneficial owner is a person.

MYTH

"An IRA beneficiary's beneficiaries can stretch the balance over their own life expectancies."

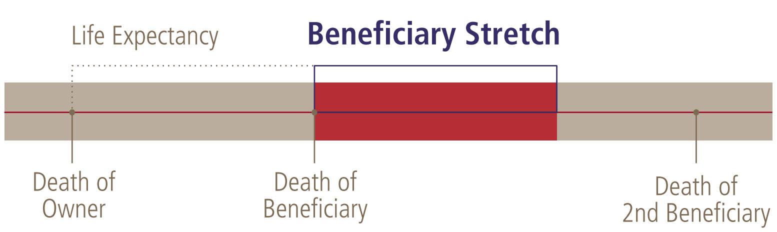
Another common belief is that an IRA beneficiary's beneficiary has the same distribution options as the original beneficiary. Certain options remain the same, such as a lump-sum payment. However, the ability to stretch death distributions over his or her life expectancy is false. Only the original beneficiary has this ability.

Let's consider a hypothetical example. At age 60, Joe Smith set up an IRA. Joe passed away at the age of 75. The proceeds of Joe's IRA were passed to his 40-year-old son, Alan, as beneficiary. Because Alan did not need the money in the account for his own retirement needs, he elected to stretch the benefits of his father's IRA over his 43.6-year life expectancy. Alan was also able to name a new beneficiary and decided to name his two daughters ages 16 and 17.

Upon Alan's death, assuming current tax laws, his two daughters want to stretch the benefits again, but they cannot start a new stretch period based on their own life expectancies because they are second-tier beneficiaries. As the beneficiaries of an already inherited IRA, the daughters can utilize the remaining life expectancy of the original beneficiary. After considering possible changes to tax laws, inflation and other risks, both elect to continue the distributions through their father's life expectancy, thus reducing the impact of taxes, until the original 43.6-year period expires.

The stretch concept is designed only for investors who will not need the money in the account for their own retirement needs.

Death Benefit Timeline



* Life expectancy is calculated using the attained age of the beneficiary and the IRS Pub 590-B (2016), Table 1. Distribution must begin within 12 months of death of the owner/annuitant for nonqualified annuities. The beneficiary has 60 days, beginning with the date proof of death is received at the Jackson or Jackson of NY Service Center, to elect the ISP nonqualified stretch option. The hypothetical illustration results are not based on a specific investment product.

REALITY

Death distributions can only be stretched over the original beneficiary's life expectancy.

MYTH

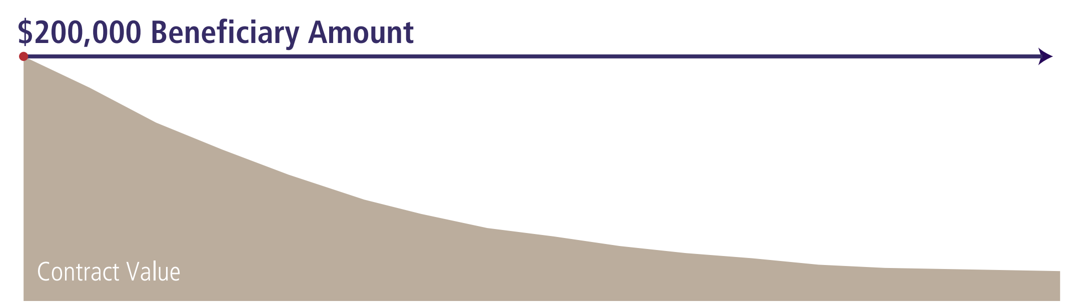
"Death benefits are not worth the money."

Some contend that the price of death benefits is too high. Those who have inherited more money than they would have without the benefit might disagree. The reality is that death benefits provide an opportunity to add value to annuity contract proceeds.

All annuities provide a guaranteed minimum death benefit, usually the greater of contributions paid into the contract or the contract value at death. For example, if an annuity owner contributed $200,000, never withdrew any money, and it is only worth $150,000 at death, the beneficiary would receive the full $200,000. The value of this benefit cannot be overstated.

Another death benefit often uniquely available to annuity owners is the step-up. This feature, usually offered at an additional cost, locks in investment gains, if any, so that annuity investors can enjoy the comfort of knowing that their beneficiaries will receive a stepped up amount. Of course, if the contract value is greater than the death benefit, at the time of death, their beneficiaries will receive the contract value.

Guaranteed Minimum Death Benefits (Hypothetical Example)

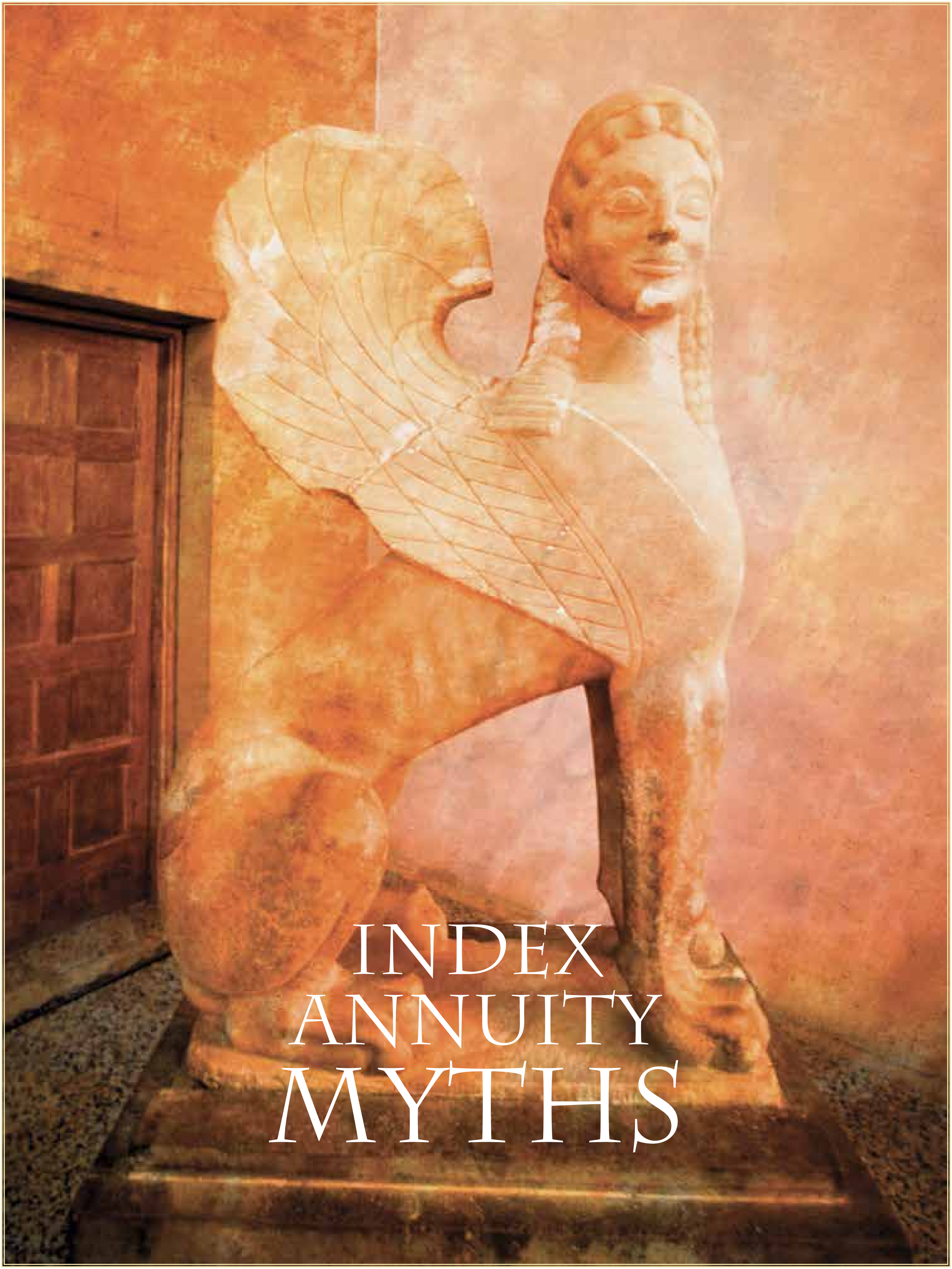


The example above is hypothetical and for illustrative purposes only. Performance indicated is not meant to illustrate or predict the past or future performance of any product. This example assumes: male age 60, 8.00% gross hypothetical return and initial premium of $200,000.00.

Guarantees are backed by the claims-paying ability of the issuing insurance company and do not apply to the principal amount or investment performance of the separate account or its underlying investments.

REALITY

Death benefits can add value to annuity contracts.


INDEX
ANNUITY
MYTHS

MYTH

"Index annuities only compete under certain conditions."

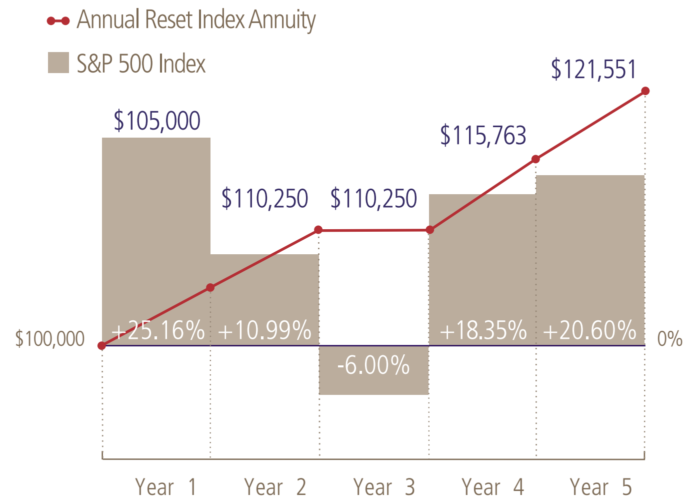
One very common myth surrounding index annuities is that they only compete under very specific conditions. The reality is that the features of an index annuity may be appropriate in a variety of situations.

An index annuity is based on the advantages of a traditional fixed annuity: guaranteed minimum interest rates, tax-deferred earnings, flexible retirement income options and guaranteed death benefits. But an index annuity doesn't stop there. It adds the opportunity to earn additional interest based on the performance of an index, such as the S&P 500 Index. An index annuity benefits when the index performs well, or is credited a minimum interest rate on at least a portion of premium if the index does not.

The contract value is guaranteed to grow when you hold the contract to the end of its term. While index annuities are not suitable for everyone, guarantees, plus tax deferral, important retirement income options and death benefits make index annuities a popular choice for millions of Americans.

You should be sure you understand the way interest is credited to an index annuity before you purchase the product. Your representative can help you determine which Index Participation Rate, Cap and crediting method are right for your situation.

The Annual Reset Feature (Hypothetical Example)



The assumptions in this illustration, based on a 5% annual Cap on earnings, and the S&P 500 Index, are purely hypothetical and are not in any way guaranteed or intended to represent the past or future performance of any product. Index change figures based on the S&P 500 Index returns from 2013–2017. Does not reflect dividends paid on, or splits in, underlying stocks or monthly averaging. The effect of monthly averaging, if applicable, is not reflected. This illustration may not reflect current Jackson® Interest Caps.

REALITY

Index annuities can be competitive accumulation vehicles in a variety of conditions.

MYTH

"Index annuities are a safe way to play the stock market without risk."

Index annuities are retirement vehicles that offer a guaranteed minimum interest rate, guaranteed death benefits, tax-deferred earnings and flexible income options for retirement. An index annuity also provides a unique extra feature. It offers the potential for additional interest linked to the performance of an equity index.

Index annuities have a minimum guarantee built into their structure. The insurance company retains the investment risk, declares a minimum interest rate, and based on the current and guaranteed Index Participation Rate and/or Cap, shows calculations of the minimum and maximum interest that could be earned during a contract term.

Index annuities are not suitable for everyone. They do not provide equity exposure; rather, they are designed to provide a fixed interest rate to the risk-averse consumers interested in receiving a minimum guarantee with additional earnings potential as compared to a traditional annuity.

Index Annuity: Not a Market Alternative

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

REALITY

Index annuities are retirement vehicles with a minimum guarantee and should not be purchased as an investment alternative.

Before investing, investors should carefully consider the investment objectives, risks, charges and expenses of the variable annuity and its underlying investment options. The current contract prospectus and underlying fund prospectuses, which are contained in the same document, provide this and other important information. Please contact your representative or the Company to obtain the prospectuses. Please read the prospectuses carefully before investing or sending money.

This material was prepared to support the promotion and marketing of Jackson variable annuities. Jackson, its distributors and their respective representatives do not provide tax, accounting or legal advice. Any tax statements contained herein were not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state or local tax penalties. Please consult your own independent advisor as to any tax, accounting or legal statements made herein.

Tax deferral offers no additional value if an annuity is used to fund a qualified plan, such as a 401(k) or IRA, and may not be available if the annuity is owned by a "non-natural person" such as a corporation or certain types of trusts. However, under IRC Sections 72(t) for qualified plans and 72(q) for annuities, the 10% additional tax is not imposed on distributions that are part of a series of "substantially equal periodic payments." Other restrictions and limitations may apply. Jackson will not be liable for any unfavorable tax consequences resulting from use of the option selected.

Annuities are long-term, tax-deferred vehicles designed for retirement. Earnings are taxable as ordinary income when distributed and may be subject to a 10% additional tax if withdrawn prior to age 59½.

Jackson and its affiliates do not provide legal, tax or estate-planning advice. For questions about a specific situation, please consult a qualified advisor. Jackson neither encourages nor condones unnecessary replacements or replacements that are not in the best interest of the customer.

The S&P 500® Index, S&P MidCap 400® Index, Dow Jones Industrial Average®, Dow Jones Brookfield Global Infrastructure Index, STANDARD & POOR'S®, S&P®, S&P 500®, STANDARD & POOR'S MIDCAP 400 Index®, and STANDARD & POOR'S 500® (collectively, the "Indices") are products of S&P Dow Jones Indices LLC or its affiliates (SPDJI), and has been licensed for use by Jackson National Life Insurance Company. Dow Jones®, Dow Jones Industrial Average, DJIA®, and The Dow® are trademarks of Dow Jones Trademark Holdings, LLC ("Dow Jones") and have been licensed to SPDJI and have been sub-licensed for use for certain purposes by Jackson National Life Insurance Company. The Dow Jones Brookfield Global Infrastructure Index is calculated by SPDJI pursuant to an agreement with Brookfield Redding, Inc. (together with its affiliates, "Brookfield") and has been licensed for use. Brookfield® is a registered trademark of Brookfield Asset Management, Inc.

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The design of these annuity contracts emphasizes the protection of credited interest rather than the maximization of interest rate crediting. Jackson issues other annuities with similar features, benefits, limitations and charges. Discuss them with your representative or contact Jackson for more information. **Fixed index annuities may not be suitable for everyone.**

Guarantees are backed by the claims-paying ability of Jackson National Life Insurance Company.

In certain states, we reserve the right to refuse any subsequent premium payments.

Annuities are issued by Jackson National Life Insurance Company (Home Office: Lansing, Michigan) and in New York, by Jackson National Life Insurance Company of New York® (Home Office: Purchase, New York). Variable products are distributed by Jackson National Life Distributors LLC, member FINRA. May not be available in all states and state variations may apply. These contracts have limitations and restrictions, including withdrawal charges and excess interest adjustments (interest rate adjustments in New York), where applicable. Please contact the Company for more information. Jackson is the marketing name for Jackson National Life Insurance Company and Jackson National Life Insurance Company of New York.

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