Jackson Variable Annuities

Scope of Service

At State Farm®, we put your needs first. We value our relationship with you and want you to make informed decisions about your investments. It’s important for investors to understand the service we provide, the fees and costs you may pay and how State Farm and your registered agent earn money on the sale and service of those products. The following disclosures will give you important facts about our relationship as well as potential conflicts between your interest and that of State Farm and/or your registered agent. We encourage you to review these disclosures to help you understand and make informed investment decisions.

State Farm provides securities products through its broker-dealer, State Farm VP Management Corp., which this document will refer to as “State Farm” or the “firm.” State Farm and its registered agents do not provide investment advisory services/accounts and do not monitor your accounts. While State Farm registered agents may recommend transactions or investment strategies, the ultimate decision on your investment strategy and the purchase and sale of investments is yours. State Farm and its agents do not provide tax advice or legal advice. Transactions in securities can have significant tax consequences and you should discuss your accounts and transactions with your tax professional.

We offer Jackson variable annuities through State Farm registered agents. Jackson annuities utilize subaccounts that invest in mutual funds. State Farm, as distributor of Jackson annuities, is dedicated to creating comprehensive planning conversations that balance the need to continue to grow (accumulation) with the need to protect (guaranteed income).

<table>
<thead>
<tr>
<th>State Farm offers the following Jackson Variable Annuities:</th>
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<tbody>
<tr>
<td>Elite Access II℠ (variable annuity with death benefit)</td>
</tr>
<tr>
<td>• Customers choose among 12 professionally managed options (model portfolios)*</td>
</tr>
<tr>
<td>• Minimum initial premium: $5,000 (nonqualified); $2,000 (qualified)</td>
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<tr>
<td>• Minimum additional premium: $500 ($50 per month for automatic payment plan)</td>
</tr>
<tr>
<td>Perspective II® (variable annuity with living benefit and death benefit options)*</td>
</tr>
<tr>
<td>• Customers choose among 17 professionally managed investment options (model portfolios)</td>
</tr>
<tr>
<td>• Minimum initial premium: $10,000 (nonqualified); $5,000 (qualified)</td>
</tr>
<tr>
<td>• Minimum additional premium: $500 ($50 per month for automatic payment plan)</td>
</tr>
</tbody>
</table>

*There may be limitations on the available investment portfolios. Please contact your agent for additional information.
Fees and Costs

Brief Overview of Current Fees and Charges
(as of June 30, 2020)

**Elite Access II® Variable Annuity**

**Contract Expenses:**
- Core Contract Charge: **1.00%** (The charge is reduced to 0.85% for contracts with quarterly contract anniversary values of $1 million or more.)

**Annual Contract Maintenance Charge:**
- $50 ($30 in New York) — waived for contract anniversary values or surrender values of $50,000 or more.

**Total Annual Fund Operating Expenses:**
- Model ranges from 0.53% to 2.41% as of June 30, 2020.
- See **Investment Models Operating Expenses** section below for more information.

**Withdrawal Charges:**
- Five-year withdrawal charge schedule
- Percentage charge for withdrawals in excess of the free withdrawal amount (as a percentage of premium) — **6.5%, 6%, 5%, 4%, 3%, 0%**

**Elite Access II with Liquidity Option:**
- Charge: 0.25% — if elected, no withdrawal charges will apply (not available in New York).

**Add-on Benefits:**
**Annual Benefit-based Charges:** (Please see your registered agent for options, availability and charge information).
- Return of Premium Guaranteed Minimum Death Benefit option

**Perspective II® Variable Annuity**

**Contract Expenses:**
- Core Contract Charge: **1.30% (1.40% in NY)**
  (The charge is reduced to 1.15% (1.25% in NY) for contracts with quarterly contract anniversary values of $1 million or more.)

**Annual Contract Maintenance Charge:**
- $35 ($30 in New York) — waived for contract anniversary values or surrender values of $50,000 or more.

**Total Annual Fund Operating Expenses:**
- Model annual expenses range from 0.53% to 2.41% as of June 30, 2020.
- See **Investment Models Operating Expenses** section below for more information.

**Withdrawal Charges:** *
- 7 years — **8.5%, 7.5%, 6.5%, 5.5%, 5%, 4%, 3%, 0%**
  
**Add-on Benefits:**
**Annual Asset-based Charges:**
- **Withdrawal option:** Shorten the withdrawal charge schedule to 4 years.
  
  o Withdrawal charge 8%, 7%, 5.5%, 3.5%, 0% (6.5%, 5.0%, 3.0%, 2.0%, 0% in New York) **
  
  o Annual charge: 0.40%
  
  (Assessed only in years 1 through 4)

- **Earnings protection:** EarningsMax® — 0.35%

**Annual Benefit-based Charges:** (Please see your registered agent for options, availability and charge information.)
- Living benefit options: LifeGuard Freedom® suite of living benefits
- Return of premium benefit options
- Death benefit options: Enhanced death benefit options available

*Withdrawal charges are expressed as a percentage of premium payments and are based on the number of completed years since each premium payment. Upon a full or partial withdrawal taken on or after the owner’s 86th birthday, withdrawal charge percentages applied will be less than those in the normal duration of the schedule (does not apply in New York).

**If the four-year withdrawal charge option is elected, subsequent premium payments are only allowed in the first contract year. The additional charge is only for the first four years. If elected, the maximum issue age is 85.**
Investment Models Operating Expenses:
Jackson variable annuities have subaccounts which are like mutual funds and provide a selection of model investment portfolios. The investment models have ongoing operating expenses that reduce your investment returns. The fees vary based on the model portfolio(s) chosen. However, new funds or the addition of asset classes may result in changes to the range shown. As a result, you should understand the operating expenses of the model portfolios you select. Investors currently may only invest policy amounts among the model portfolios offered for the annuity.

Please see the policy prospectus to determine the charges associated with a specific investment option, as the charges vary by model. In the event of any difference between this disclosure and the prospectus, the prospectus will prevail:
https://www.jackson.com/annuities/variable-annuities/elite-access-ii-disclosure.html
and

Transaction Fees
Your annuity will also be charged transaction fees. See list below.

<table>
<thead>
<tr>
<th>Owner Transaction Expenses</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Transfer Charge (Per transfer after 25 in a contract year)</td>
<td>$25.00</td>
</tr>
<tr>
<td>Overnight Check</td>
<td>$10.00</td>
</tr>
<tr>
<td>Expedited Delivery Charge (Saturday only)</td>
<td>$22.50</td>
</tr>
<tr>
<td>Bank Wire Transfer</td>
<td>$25.00</td>
</tr>
</tbody>
</table>

Important Customer Information

Firm Compensation Paid by Jackson

- When you purchase a Jackson variable annuity through State Farm, Jackson pays State Farm based on the amount of premium you invest. Similarly, Jackson pays State Farm for each subsequent premium investment you make.
  - The amount paid by Jackson differs between the two variable annuity products offered through State Farm — the Elite Access II and Perspective II. However, State Farm registered agents are compensated the same for each product. Our agents are required to recommend the product that’s in your best interest, regardless of the amount paid by Jackson to State Farm.
  - The amount paid to State Farm by Jackson may increase if you purchase riders to your variable annuity policy.

- Beginning in year two of your policy, Jackson also pays State Farm a “trailing” payment based on previous years’ premium investments as a proportion of the account value.
  - The amount paid by Jackson differs between the two variable annuities offered through State Farm. However, our agents are compensated the same for each product, and are required to recommend the product that’s in your best interest, regardless of the amount paid by Jackson to State Farm.

Registered Agent Compensation Paid by State Farm

- When you make a premium payment, your agent will be paid a commission out of the revenue earned by State Farm on your premium, and the commission paid to your agent is the same percentage amount no matter which variable annuity you buy.

- Your agent is also paid monthly, based on a percentage of the total contract value of your annuity. The pay will fluctuate in proportion to your total contract value, which can change based on market results. The amount the agent can receive is the same for both Jackson annuity products (i.e., Elite Access II, Perspective II) sold through State Farm.
• The agent may also earn credit toward cash and non-cash (i.e., travel) incentive programs:
  o The cash bonus is based on the registered agent’s previous year’s total amount of commissionable money.
  o The non-cash incentives are based on a percentage of the amount of your registered agent’s commissionable money and is the same regardless of the variable annuity you buy.
  o All annuities (other than State Farm variable annuities) and mutual funds offered by State Farm are included in the incentive programs. Not all agents will reach a level of production required to qualify for the programs.

Other Associated Persons Compensation
• State Farm may provide its employees, such as its field sales leaders, with the opportunity to earn a bonus based on State Farm registered agents’ level of engagement with investment products for the prior year. Not all will qualify for the program.

Additional Disclosures
When you invest in Jackson Variable Annuities, your investments are subject to inherent risks including market risk, which is the possibility of an investor experiencing losses due to factors that affect the overall performance of the financial markets in which he or she is invested. A more thorough definition of the policies’ risks is included in the policy prospectuses.

*State Farm agents are independent contractors who hire their own employees. Neither State Farm agents nor employees of State Farm agents are employees of State Farm. Jackson® is the marketing name for Jackson National Life Insurance Company® and Jackson National Life Insurance Company of New York®.

Variable annuities are long-term investments designed for retirement purposes.

Guarantees based on the claims paying ability of the issuing life insurance company.

Securities, insurance and annuity products are not FDIC insured, are not bank guaranteed and are subject to investment risk, including possible loss of principal.

State Farm VP Management Corp. is a separate entity from Jackson and its affiliates and from those State Farm entities which provide banking and insurance products.

Automatic investment plans do not assure a profit or protect against loss.

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