

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 19, 2020

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY  
(Exact name of registrant as specified in its charter)

Iowa  
(State or other jurisdiction  
of incorporation)

001-31911  
(Commission File Number)

42-1447959  
(IRS Employer  
Identification No.)

6000 Westown Parkway  
West Des Moines, IA 50266  
(Address of principal executive offices and zip code)

(515) 221-0002  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$1	AEL	New York Stock Exchange
Depository Shares, each representing a 1/1,000th interest in a share of 5.95% Fixed-Rate Reset Non-Cumulative Preferred Stock, Series A	AELPRA	New York Stock Exchange
Depository Shares, each representing a 1/1,000th interest in a share of 6.625% Fixed-Rate Reset Non-Cumulative Preferred Stock, Series B	AELPRB	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On November 19, 2020, the Compensation Committee of the Board of Directors (“Compensation Committee”) of American Equity Investment Life Holding Company (the “Company”) awarded the Company’s Chief Executive Officer, Anant Bhalla, a one-time special achievement cash bonus of \$1,000,000 pursuant to the terms of the Letter Agreement filed as Exhibit 10.1 hereto, which is incorporated herein by reference. In awarding this compensation, the Compensation Committee considered a variety of factors including (i) the exceptional level at which Mr. Bhalla performed in his first year as Chief Executive Officer, especially during the very challenging business environment in 2020, (ii) Mr. Bhalla’s significant contributions to the accelerated achievement of Company near term and long-term objectives in 2020, and (iii) Mr. Bhalla’s total compensation in 2020 relative to other CEOs among industry peers. In addition to rewarding Mr. Bhalla for his performance in 2020, the award also provides a retention incentive by stipulating that the full amount is subject to repayment if Mr. Bhalla were to voluntarily resign within 12 months.

In addition, on November 19, 2020 (the “Grant Date”), the Compensation Committee awarded Mr. Bhalla and certain named executive officers (the “NEOs”) of the Company each a one-time stock option award (the “Option Award”) pursuant to the terms of the Employee Stock Option Agreement filed as Exhibit 10.2 hereto, which is incorporated herein by reference. The Option Award was granted to Mr. Bhalla and each of the NEOs to encourage their focused and swift execution of the Company’s AEL 2.0 strategy without incenting undue risk taking. In awarding these options, the Compensation Committee considered a variety of factors including (i) the importance of the NEOs to leading and executing the AEL 2.0 strategy, (ii) the need for additional retention strength for key talent in a highly competitive and acquisitive industry, and (iii) the absence of a pure, shareholder aligned incentive like options in the annual equity grant mix for executives. Additionally, in order to further enhance shareholder alignment, these options only vest if, and after, the Company’s stock price reaches \$37.00 (based on a 30-day trading average) on or before the fifth anniversary of the Grant Date; otherwise the options expire upon the fifth anniversary of the Grant Date.

More specifically, fifty percent (50%) of the Option Award granted to each of Mr. Bhalla and the NEOs vests upon the later of: (i) the Company attaining a \$37.00 per share common stock price (based on a 30-day trading average); and (ii) the one year anniversary of the Grant Date. The remaining fifty percent (50%) of the Option Award vests on the one year anniversary of the vesting of the initial fifty percent (50%) of the Option Award. If the Company does not achieve the \$37.00 per share common stock price on or before the fifth anniversary of the Grant Date, the Option Award shall be forfeited.

Under the terms of this special incentive, Mr. Bhalla received an Option Award of 244,050 options with a Grant Day fair value of \$1,846,454. Mr. Ted M. Johnson, the Company’s Chief Financial Officer & Treasurer received an Option Award of 49,565 options with Grant Day fair value of \$375,000. Mr. Jeffrey D. Lorenzen, the Company’s Chief Investment Officer received an Option Award of 49,565 options with a Grant Day fair value of \$375,000. Ms. Renee D. Montz, the Company’s Executive Vice President, General Counsel & Secretary received an Option Award of 46,260 options with a Grant Day fair value of \$350,000.

Mr. Bhalla’s award was limited to 244,050 options by the annual award limitation to any single individual during any single calendar year within the Company’s Amended and Restated Equity Incentive Plan. An additional Option Award will be made to Mr. Bhalla in 2021 with a Grant Date fair value of \$653,546 (the difference between his target Grant Date fair value of \$2,500,000 and his actual Grant Date fair value of \$1,846,454). The Compensation Committee intends to factor the size of these awards into Mr. Bhalla’s annualized compensation when making future pay determinations with respect to Mr. Bhalla.

**Item 9.01. Financial Statements and Exhibits**

## (d) Exhibits

The following exhibits are being furnished with this Form 8-K.

<u>Exhibit Number</u>	<u>Description</u>
10.1	<a href="#">Letter Agreement dated November 19, 2020 by and between American Equity Investment Life Holding Company and Anant Bhalla</a>
10.2	<a href="#">Form of Employee Stock Option Agreement with Respect to Common Stock of American Equity Investment Life Holding Company of Employee Stock Option Agreement with Respect to Common Stock of American Equity Investment Life Holding Company</a>
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 24, 2020

**AMERICAN EQUITY  
INVESTMENT LIFE HOLDING COMPANY**

By: /s/ Renee D. Montz  
Renee D. Montz  
Executive Vice President, General Counsel and  
Corporate Secretary



American Equity Investment Life Holding Company  
6000 Westown Parkway  
West Des Moines, Iowa 50266

November 19, 2020

Anant Bhalla  
2216 Sherwood Avenue  
Charlotte, North Carolina 28207

Dear Anant:

You have performed at an exceptional level after taking on the role of Chief Executive Officer & President of American Equity Investment Life Holding Company (the "Company"), especially during a very challenging business environment in 2020. In recognition of your already significant contributions to the accelerated achievement of Company objectives in 2020, the Company is pleased to award you a 2020 Special Achievement Cash Bonus in accordance with the terms set forth below.

2020 Special Achievement Cash Bonus. As soon as practicable following the date of this letter agreement (the "Letter Agreement"), the Company will pay to you a lump sum cash payment of \$1,000,000.

Repayment Obligation. If prior to December 31, 2021, (i) your employment is terminated by the Company for Cause as referenced in the company's regular incentive awards or (ii) you voluntarily resign your employment from the Company except in the case of Good Reason (as defined in your Change in Control Agreement), you agree to reimburse and pay to the Company an amount equal to the 2020 Special Achievement Cash Bonus, in full within 30 days of such termination of employment or resignation.

Taxes and Withholding/Deductions. Taxes shall be withheld from the 2020 Special Achievement Cash Bonus on payment, including, without limitation, all applicable federal, state and local withholding tax obligations. Further, the 2020 Special Achievement Cash Bonus shall be subject to all applicable benefit plan deductions.

Continued Employment. Nothing in this Letter Agreement shall be interpreted or construed to confer any employment right beyond the intended 2020 Special Achievement Cash Bonus.

Entire Agreement. This Letter Agreement sets forth the complete terms of the 2020 Special Achievement Cash Bonus and supersedes any and all other written or oral agreements with respect thereto.

Governing Law. This Letter Agreement shall be governed by and construed in accordance with the law of the State of Iowa, without regard to such State's conflict of laws rules.

We appreciate your continued efforts on behalf of the Company.

Sincerely,

AMERICAN EQUITY INVESTMENT  
LIFE HOLDING COMPANY

By:	<u>Jennifer Bryant</u>	/s/
Name:	Bryant	Jennifer
Title:	Human Resources Officer	Chief

I agree to the terms and conditions set forth in this Letter Agreement.

/s/ Anant Bhalla

Anant Bhalla

11/23/2020

Date

## EMPLOYEE STOCK OPTION AGREEMENT

THIS EMPLOYEE STOCK OPTION AGREEMENT, hereinafter referred to as the “Option” or the “Agreement,” is made effective as of the [●] day of [●], [●] (the “Date of Grant”), between American Equity Investment Life Holding Company (the “Company”) and [●] (the “Optionee”).

The Company hereby grants an option to purchase up to [●] shares of common stock of the Company, \$1.00 par value per share (“Stock”), to the Optionee at the price and in all respects subject to the terms, definitions and provisions of this Agreement, and the Amended and Restated Equity Incentive Plan, adopted by the Company effective June 4, 2020 (the “Plan”), the terms and definitions of which are incorporated herein, unless the context implies otherwise.

1. **Option Price.** The option price is \$[●] for each Share, the price being at least 100% of the fair market value of a Share of the Stock on the date of the grant of this Option. This Option is a Non-qualified Stock Option.
2. **Exercise of Option, Vesting Schedule, Performance Objective, Terminations and Change in Control.** This Option is granted for a ten (10) year term and, therefore, may not be exercised after the expiration of ten (10) years from the date that it is granted. This Option shall become exercisable at any time subject to the terms of this Agreement and applicable law.
  - (a) **Vesting Schedule and Performance Objective.** This Option shall vest on the schedule listed below on attainment of an average AEL stock price of \$[●] (“Performance Objective”). The Performance Objective will be attained if, within five years of the Date of Grant, for a period of thirty (30) consecutive calendar days, the volume-weighted average closing price per share of the Company’s Stock is \$[●] or more.
    - (i) [●]% of the Stock subject to the Option will vest on the later of: (A) the first anniversary of the Date of Grant or (B) the date the Performance Objective is met.
    - (ii) The remaining [●]% of the Stock subject to the Option will vest one calendar year from the date when the vesting first occurred under 2(a)(i) above.
  - (b) **Terminations.** Should the Optionee be terminated, then Optionee will forfeit all unvested Option rights under this Agreement. Notwithstanding the prior sentence, if the Optionee’s employment ends due to death, Disability or Retirement (as defined under the Plan), then the Optionee will not forfeit this Option and will continue to have the opportunity to have this Option become fully vested and exercisable on the dates specified in paragraph 2 of this Agreement. Additionally, if: (i) the Optionee’s employment ends due to a termination initiated by the Company other than for Cause (each as defined in the Plan) or for Optionees with a Change in Control Agreement, termination is initiated by the Optionee for Good Reason (as defined in the Optionee’s Change in Control Agreement) and (ii) the Company has offered the Optionee an agreement in connection with their separation, and (iii) that agreement has been fully executed and become final under applicable law, then then the Optionee will not forfeit this Option and will continue to have the opportunity to have this Option become fully vested and exercisable on the dates specified in paragraph 2 of this Agreement.
  - (c) **Change in Control.** In the event of a Change in Control, this Option shall be treated in accordance with Section 10.1 and Section 10.2 of the Plan.
3. **Right to Exercise, Restrictions on Exercise and Method of Exercise.** This Option shall be exercisable during the term of the Option, by the Optionee:
  - (a) While the Optionee is an employee of the Company, or within sixty (60) days of the termination of Optionee as an employee or within 120 days of any termination meeting the requirements of (i) through (iii) set forth above in paragraph 2(b); or, in the event Optionee’s employment by the Company is terminated because of disability, as that term is defined in Code Section 105(d)(4), the Option privileges, with respect to the Shares purchasable by the Optionee as of the date that the Optionee terminated, may be exercised by the Optionee within one (1) year after the date of termination of the Optionee’s employment by the Company. However, nothing contained within this statement shall be construed to extend the ultimate term of this Option beyond the period of time set out above in paragraph 2.

- (b) If the Optionee should die during the option period while employed by the Company, the option privileges may be exercised in full by the legal representative of the Optionee's estate, or by the person or persons to whom the Optionee's rights under the Option shall have passed by will or the laws of descent and distribution within one (1) year after the Optionee's date of death. However, nothing contained within this statement shall be construed to extend the ultimate term of this Option beyond the period of time set out above in paragraph 2.
  - (c) **Restrictions on Exercise.** The minimum number of Shares for which this Option may be exercised is 100 Shares. In addition, as a condition to the Optionee's exercise of this option, the Company may require the person exercising this Option to execute any buy-sell agreement in effect between the Company and its shareholders and to make such representations or warranties to the Company as may be required by applicable law or regulation.
  - (d) **Method of Exercise.** This Option shall be exercisable by a written notice which shall:
    - (i) State the election to exercise the Option, the number of Shares in respect of which it is being exercised (which may be no less than 100 Shares), the person in whose name the stock certificate for such Shares of Stock is to be registered, the person's address and social security number (or if more than one, the names, addresses and social security numbers of such persons);
    - (ii) Contain such representations and agreements as to the holder's investment intent with respect to such Shares of Stock as may be satisfactory to the Company's counsel; and
    - (iii) Be signed by the person or persons entitled to exercise the Option and, if the Option is being exercised by any persons other than the Optionee, be accompanied by proof satisfactory to counsel for the Company, of the right of such person or persons to exercise the Option.

In accordance with applicable federal, state and/or local tax withholding requirements, the Company shall withhold from Optionee's compensation the required amounts. Optionee may satisfy any such withholding tax obligation by any of the following means or by a combination of such means: (i) tendering a cash payment, (ii) authorizing the Company to withhold Shares of Stock otherwise issuable to the Optionee valued at Fair Market Value on Date of Exercise, or (iii) delivering to the Company already owned and unencumbered Shares of Stock valued at Fair Market Value on Date of Exercise.
  - (e) **Payment of Option Price.** Payment of the aggregate Option Price for the Shares of Stock with respect to which an Option is being exercised shall be made by the Optionee in one of the following manners:
    - (i) Cash, certified or bank cashier check, or wire transfer, delivered with the notice of exercise as soon as practicable thereafter;
    - (ii) By delivery (including constructive delivery) to the Company of Shares of Stock having an aggregate Fair Market Value on the Date of Exercise equal to the aggregate Option Price; or
    - (iii) By delivery on a form prescribed by the Committee of a properly executed exercise notice and irrevocable instructions to a registered securities broker approved by the Committee to sell Shares of Stock and promptly deliver cash to the Company.
4. **No Transferability of Option.** This Option may not be transferred in any manner otherwise than by will or the laws of descent and distribution and may be exercised during the lifetime of the Optionee only by the Optionee and after Optionee's death by the legal representative of the Optionee's estate or by the person or persons to whom the Optionee's rights under the Option passed by will or the laws of descent and distribution. This Option shall not be pledged or hypothecated in any way and shall not be subject to executive, attachment of similar process except with the express consent of the Committee.
5. **Adjustments:**
- (a) Whenever a stock split, stock dividend or other relevant change in capitalization of the Company occurs, (i) the number of Shares that can thereafter be purchased and the option price per Share under each Option that has been granted and not exercised, and (ii) the number of Shares used in determining whether a particular Option is grantable thereafter shall be appropriately adjusted.

- (b) In the event of the dissolution or liquidation of the Company, any Option granted under the Plan shall terminate as of a date to be fixed by the Committee, provided that not less than 30 days' written notice of the date so fixed shall be given to each Optionee and each such Optionee shall have the right during such period to exercise Optionee's Option as to all or any part of the Shares covered thereby, including Shares as to which such Option would not otherwise be exercisable by reason of an insufficient lapse of time.
- (c) Adjustments and determinations under this paragraph 5 shall be made by the Company's Board of Directors, whose decisions as to what adjustments or determinations shall be made, and the extent thereof, shall be final, binding and conclusive.
6. **Notices.** Each notice relating to this Agreement shall be in writing and delivered in person or by certified mail to the proper address, and shall be deemed to have been given on the date it is received. Each notice to the Company shall be addressed to it at its principal office, attention of the Secretary. Each notice to the Optionee or other person or person then entitled to exercise the Option shall be addressed to the Optionee or such other person or persons at the Optionee's address set forth in the heading of this Agreement. Anyone to whom a notice may be given under this Agreement may designate a new address by written notice to that effect.
7. **Benefits of Agreement.** This Agreement shall inure to the benefit of and be binding upon each successor of the Company. All obligations imposed upon the Optionee and all rights granted to the Company under this Agreement shall be binding upon the Optionee's heir, legal representatives and successors. This Agreement shall be the sole and exclusive source of any and all rights which the Optionee, the Optionee's heirs, legal representatives, or successors may have in respect to the Plan or any options or Stock granted or issued thereunder whether to the Optionee or to any other person.
8. **Resolution of Disputes.** Any dispute or disagreement which should arise under, or as a result of, or in any way relate to, the interpretation, construction or applicability of this Agreement will be determined by the Board of Directors of the Company. Any determination made hereunder shall be final, binding, and conclusive for all purposes.

IN WITNESS WHEREOF, the Company and the Optionee have caused this Agreement to be executed effective as of the day, month and year first above written.

AMERICAN EQUITY INVESTMENT  
LIFE HOLDING COMPANY

OPTIONEE

By: \_\_\_\_\_  
Its: \_\_\_\_\_

\_\_\_\_\_