

**The United States Life Insurance Company  
in the City of New York (USL)**

*A member of American International Group, Inc. (AIG)*

**New Business Email Inquiries:** AnnuityServiceCenter@aig.com  
**Annuity Service Center Phone Number:** 888-438-6933 Option 1

**Annuity New Business Transmittal &  
Agent Report Form**

**New Business Email:** AIGAnnuityService@aig.com  
**New Business Fax Number:** 713-620-3829

**Required Section**

In order to ensure accurate processing, please fill out this form completely and submit with the annuity application.

Name of Owner \_\_\_\_\_ DOB \_\_\_\_\_ SSN/Tax ID \_\_\_\_\_

Owner's Email Address is required (if none exists, enter NA) \_\_\_\_\_

Name of Annuitant \_\_\_\_\_

**Agent Information**

REQUIRED	
<p><b>➔ If a NEW ADDRESS, check this box</b> <input type="checkbox"/></p> <p>X</p> <p>Agent/Broker Signature _____</p> <p>Agent Name (print) _____</p> <p>Agent Number (write "pending" if applicable) _____</p> <p>Agent SSN (if agent number is pending) _____</p> <p>Agent NPN (required) _____</p> <p>Agency/Broker Dealer (optional) _____</p> <p>IMO/BGA Firm (required) _____</p> <p>IMO/BGA email address for case updates/missing documents (if applicable) _____</p> <p>IMO/BGA phone number for case updates _____</p> <p>Agent e-mail Address _____</p> <p>Agent Street Address (for contract mailing) _____</p> <p>Agent City, State, Zip _____</p> <p>Agent Phone Number _____</p>	<p>1. Are you a Registered Representative? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>2. Does your firm require a suitability review for (Index, Fixed) Annuities? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>3. Are commissions paid through your firm for (Index, Fixed) Annuities? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>4. Split Case <input type="checkbox"/> No <input type="checkbox"/> Yes (If yes, complete the following sections.)</p> <p>Percent to Primary Agent ____% <b>PLUS</b> Percent to 2nd Agent ____%</p> <p><b>PLUS</b> Percent to Others ____% = <b>TOTAL PERCENT</b> 100%</p> <p>X</p> <p>Second Agent Signature _____</p> <p>X</p> <p>Second Agent Name (print) _____</p> <p>Agent Number _____</p> <p>Agency Name/Number _____</p> <p>Agent SSN (if agent number is pending) _____</p> <p>Agent NPN (required) _____</p>

**SPECIAL INSTRUCTIONS**

Please insert any additional information of who to contact at the IMO or agent's back office regarding New Business, Licensing, Commissions, Suitability, Post Issuance, Contract Set up, etc. that would help AIG Internal team process this case timely.



A member of American International Group, Inc. (AIG)

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**Key addresses and contact information**

**New Business Email Inquiries:** AnnuityServiceCenter@aig.com  
**Annuity Service Center Phone Number:** 888-438-6933 Option 1  
**New Business Email:** AIGAnnuityService@aig.com  
**New Business Fax Number:** 713-620-3829

**Assured Edge Fixed Annuity & Index Annuity Products**

	<b>U.S.Regular Mail</b>	<b>Overnight Mail</b>
<i>with checks:</i>	US Life Attn: Annuity Center P.O. Box 100357 Pasadena, CA 91189-0357	JPM Chase-USL 100357 2710 Media Center Drive Building #6, Suite 120 Los Angeles, CA 90065-1750
<i>without checks:</i>	P.O. Box 2708 Amarillo, TX 79105-2708	1050 North Western Street Amarillo, TX 79106-7011

**Fixed Annuity (except Assured Edge versions)**

	<b>U.S.Regular Mail</b>	<b>Overnight Mail</b>
<i>with checks:</i>	JP Morgan Chase (TX1-0029) ATTN: AGL 650545 Dept AGL 14800 Frye Road 2 <sup>nd</sup> Floor Fort Worth, TX 76155	<i>without checks:</i> US Life 1050 North Western Street Amarillo, TX 79106

**When you provide complete and accurate information, processing time can be expedited.**

**The United States Life Insurance Company in the City of New York**

Annuity Service Center  
P.O. Box 871  
Amarillo, TX 79105-0871  
Telephone: 877.289.0256

**American Pathway Immediate Annuity  
Single Premium Immediate  
Fixed Annuity Application**

In this application, "Company" refers to The United States Life Insurance Company in the City of New York, ("US Life").

The United States Life Insurance Company in the City of New York is solely responsible for the obligation and payment of benefits under any policy that it may issue. No other company shown is responsible for such obligations or payments.

Instructions: Please type or print in black ink.

**1. Annuitant** (If Owner and Annuitant are different, check here ☐ and also complete Owner Information, #4.)Sex: ☐ Male ☐ Female

Date of Birth\*(MM/DD/YYYY): \_\_\_\_\_

Name (FIRST, MI, LAST): Mr/Mrs/Ms: \_\_\_\_\_

Address (STREET): \_\_\_\_\_ (City/ST/Zip): \_\_\_\_\_

Telephone Number: \_\_\_\_ (\_\_\_\_) \_\_\_\_\_ SSN/TAX ID: \_\_\_\_\_

If Owner/Annuitant/Payee is a person and neither a U.S. citizen nor a U.S. resident, explain residency and citizenship under "Special Requests," #9.

**1A. Joint Annuitant** (Joint contracts only. Also complete #3 Joint Life below)☐ Spouse ☐ Other \_\_\_\_\_Sex: ☐ Male ☐ Female

Date of Birth\*(MM/DD/YYYY): \_\_\_\_\_

Name (FIRST, MI, LAST): Mr/Mrs/Ms: \_\_\_\_\_

Address (STREET): \_\_\_\_\_ (City/ST/Zip): \_\_\_\_\_

Telephone Number: \_\_\_\_ (\_\_\_\_) \_\_\_\_\_ SSN/TAX ID: \_\_\_\_\_

\*Evidence of age is required for any Lifetime Income Payout option and any Qualified of IRA annuity.

**2. Premium Payment**

Premium Payment: \$ \_\_\_\_\_

Type: ☐ § 1035 Exchange/Trustee Transfer (complete "Company" transfer Form)☐ Check Attached ☐ Wire transferSource: ☐ Nonqualified☐ Roth IRA☐ IRA**3. Income Payments**☐ SINGLE LIFE:☐ JOINT LIFE: (Also complete Joint Annuitant Information, #1A)☐ Survivor: Payments will be \_\_\_\_\_% at the death of the Annuitant☐ Contingent: Payments will be \_\_\_\_\_% at the death of either Annuitant☐ PERIOD CERTAIN ONLY:**PAYOUT OPTIONS:**☐ Lifetime Income with Certain Period of \_\_\_\_\_ yrs and \_\_\_\_\_ mos☐ Lifetime Income with Cash (lump sum) Refund☐ Lifetime Income with Installment Refund☐ Period Certain Only of \_\_\_\_\_ yrs and \_\_\_\_\_ mosPayment Mode (frequency): ☐ Monthly ☐ Quarterly ☐ Semi-Annually ☐ Annually

Income Start Date: Will be one modal period from the date the premium is received unless stated here. (MM/DD/YYYY) \_\_\_\_\_

**ANNUAL PAYMENT ADJUSTMENT**☐ Level Payments (No Increase)OR ☐ Compounded Percentage Increase: \_\_\_\_\_% (1% - 5%)OR ☐ Simple Percentage Increase: \_\_\_\_\_% (1% - 5%)OR ☐ Flat Dollar Increase: \$ \_\_\_\_\_**ONLY ONE OF THESE  
OPTIONS CAN BE SELECTED**

**4. Owner** (Complete only if Owner and Annuitant are different)

☐ Individual    ☐ Partnership    ☐ Corporation    ☐ Trust    ☐ Plan Sponsor    ☐ Other \_\_\_\_\_

Name: \_\_\_\_\_ Date of Birth (MM/DD/YYYY): \_\_\_\_\_

Address (STREET): \_\_\_\_\_ (City/ST/Zip): \_\_\_\_\_

Telephone Number: \_\_\_\_\_ ( ) \_\_\_\_\_ SSN/TAX ID: \_\_\_\_\_

**4A. Joint Owner** (Nonqualified Only)

☐ Spouse    ☐ Other \_\_\_\_\_

Name (FIRST, MI, LAST): Mr/Mrs/MS: \_\_\_\_\_ Date of Birth (MM/DD/YYYY): \_\_\_\_\_

Address (STREET): \_\_\_\_\_ (City/ST/Zip): \_\_\_\_\_

Telephone Number: \_\_\_\_\_ ( ) \_\_\_\_\_ SSN/TAX ID: \_\_\_\_\_

**5. Payee** (Complete if Payee is not the Annuitant or if the address of payments is different from #1. If EFT complete #8)

Name (FIRST, MI, LAST): Mr/Mrs/MS: \_\_\_\_\_ Relationship to Owner: \_\_\_\_\_

Mailing Address (STREET): \_\_\_\_\_ (City/ST/Zip): \_\_\_\_\_

Telephone Number: \_\_\_\_\_ ( ) \_\_\_\_\_ SSN/TAX ID: \_\_\_\_\_

List additional payees under "Special Requests," #9, or on a separate sheet signed by the Owner and check this box. ☐

**6. Beneficiary Information** (If more than one Beneficiary, proceeds will be divided equally unless otherwise indicated.)

Name: \_\_\_\_\_ Address: \_\_\_\_\_

\_\_\_\_\_ % SSN/Tax ID: \_\_\_\_\_ Relationship to Owner: \_\_\_\_\_

Name: \_\_\_\_\_ Address: \_\_\_\_\_

\_\_\_\_\_ % SSN/Tax ID: \_\_\_\_\_ Relationship to Owner: \_\_\_\_\_

If more than 2 Beneficiaries, list on a separate sheet signed by the Owner and check this box ☐

**7. Tax Withholding** IMPORTANT – READ CAREFULLY

Annuity payments may be subject to Federal and State income tax withholding. If you elect not to have withholding apply to your payments, or if you do not have enough Federal and State income tax withheld, you may be responsible for payment of estimated tax. You may incur tax penalties if your withholding and estimated tax payments are not sufficient. You may revoke your withholding election at any time by completing a new W4-P and returning it to the company. **If a W4-P is not included or withholding is not indicated below, Federal withholding will be for filing as a married person claiming three (3) withholding allowances until revoked by the Owner.**

Federal Tax Withholding:

☐ Do Not withhold Federal Income Tax

☐ Do withhold Federal Income Tax based on this information: Allowances \_\_\_\_\_ Marital Status \_\_\_\_\_ or \$ \_\_\_\_\_.

State Tax Withholding (if applicable):

☐ Do Not withhold State Income Tax

☐ Do withhold State Income Tax: \$ \_\_\_\_\_ or \_\_\_\_\_ %.

**8. Electronic Funds Transfer**

☐ Checking (attach voided check)    ☐ Savings (attach deposit slip)

Name on Account: \_\_\_\_\_ Account Number: \_\_\_\_\_

Name of Institution: \_\_\_\_\_ ABA Routing/Transit Number: 

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I authorize the Company to initiate credit entries and, if necessary, debit entries and other adjustments for any credit entries in error to the account indicated above.

(Owner's Initials) \_\_\_\_\_

## 9. Special Requests

## 10. Lifetime Income Payout Option

I understand that no further income payments will be made and this contract will terminate at the death of all Annuitants listed in #1 (and #1A, if applicable)

(Owner's Initials) \_\_\_\_\_

## 11. Owner(s) Signatures *(This section must be completed in its entirety):*

I represent that:

- A. Required Minimum Distribution:** I understand that annuities purchased with IRA or Qualified Plan funds are subject to the Minimum Distribution Rules. If I turn age 70 ½ during this calendar year or if I am currently taking required Minimum Distributions I further understand that the Required Minimum Distribution must be withdrawn **before** transferring funds.
- B. Provisions:** The surrender and withdrawal provisions have been explained to me. I understand that once selected the items in the Income Payment Section (#3) cannot be changed or terminated.
- C. Rights of Succession:** Unless indicated in the "Special Requests," #9, of this Application the ownership succession will be as described in Section 2.06 of the Contract which states: Upon the death of the Owner, ownership rights will succeed as follows: (1) surviving Owner or Joint Owner, if any; (2) Annuitant(s), if any; (3) Beneficiary(ies), if any; (4) Estate or successors of the last Owner or Joint Owner to die.
- D. Replacement:** (1) Do you currently own existing life insurance coverage with US Life? ☐ Yes ☐ No  
(2) Will this annuity replace a current US Life policy or contract? If yes, provide policy or contract # \_\_\_\_\_  
(3) Do you have any annuity or insurance contracts? ☐ Yes ☐ No  
(4) If yes, will the proposed contract replace any existing annuity or insurance contracts? ☐ Yes ☐ No  
(If yes, complete appropriate replacement documents.)
- E. Taxation of Income Payments:** I acknowledge that the taxable portion of income payments made each year will be tax reported to me as income for that year, regardless of payee.
- F. Active Duty Service Member:** Are you an Active Duty Service Member of the US Armed Forces? ☐ Yes ☐ No  
(If yes, see appropriate disclosure document.)

Under penalties of perjury, I certify that: (1) That the number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and (2) I am not subject to backup withholding because (a) I am exempt from backup withholding (enter exempt payee code\*, if applicable: \_\_\_\_\_), or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and (3) I am a U.S. citizen or other U.S. person\*, and (4) The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA is correct (enter exemption code from FATCA reporting code, if applicable: \_\_\_\_\_). \*\*Certification instructions. You must cross out item (2) if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return.

\*See General Instructions provided on the IRS Form W-9 from IRS.gov.

\*\*If you can complete a Form W-9 (Request for Taxpayer Identification Number) and you are a U.S. citizen or U.S. resident alien, FATCA reporting may not apply to you. Please consult your own tax advisor with any questions you may have regarding this certification.

The Internal Revenue Service does not require your consent to any provisions of this document other than the certifications required to avoid backup withholding.

All statements made in this application are true to the best of my knowledge and belief. I agree to all terms and conditions shown. I further agree that this application will be part of the annuity contract.

X \_\_\_\_\_ X \_\_\_\_\_  
Owner's Signature (and title if applicable) Joint Owner's Signature (if applicable) Date

Signed at (CITY/STATE/ZIP) \_\_\_\_\_

X \_\_\_\_\_  
Annuitant's Signature (if Owner and Annuitant are not the same; or if owner is a non-natural person other than in connection with a charitable annuity or nonqualified deferred compensation plan) Date

X \_\_\_\_\_  
Joint Annuitant's Signature (if applicable) Date

**12. For Agent /Broker Use Only:***(This section must be completed in its entirety):*

This annuity is suitable for the owner's financial needs.

☐ Yes ☐ No

Does the proposed Owner(s) have any existing annuity or insurance contracts?

☐ Yes ☐ No

If yes, will this proposed contract replace any existing annuity or insurance contracts?

☐ Yes ☐ No

If yes, have you provided the Owner with all necessary replacement documents as required by state law?

☐ Yes ☐ No**Agent Attestation**

I certify that the Application was signed and dated by the owner after all answers and information were recorded herein; and I have truly and accurately recorded on this form all of the information provided by the owner. Further, by signing below, I certify:

- I have instructed the owner to answer the questions in Section 11 (d) appropriately. I am providing the replacement information on the required forms, and including them with this application, when applicable.
- I have delivered a Buyer's Guide for Deferred Annuities to the owner.
- I have reviewed the owner's financial situation and needs, including the financial resources used for the funding of the policy and the owner's financial time horizon, including duration of existing liabilities and obligations, and have determined that the owner has the financial ability to meet the financial commitments under the policy.
- It is my reasonable belief that based on the information the owner provided and based on all the circumstances known to me at the time the recommendation was made, the annuity being applied for, based on my recommendation, meets the owner(s)' insurance needs and/or financial objectives.
- I have informed the owner of various features of the policy and potential consequences of the sales transaction, both advantages and disadvantages, and the basis of the recommendation. I represent that I have delivered the appropriate product disclosures and other related materials such as the compensation information regarding the manner in which I am compensated for the sale and servicing of this product, and have used only current, carrier-approved sales material.
- My recommendation was made with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use under the circumstances prevailing.
- I understand that I must act in the best interest of the owner. I only considered the interests of the owner when making the recommendation to purchase this annuity. I may receive a commission from, or have another financial interest in, the recommended transaction. However, my recommendation is based solely on the owner's financial interests.
- If the **owner** is a full-time, active-duty member of the US Armed Forces (to include a reserve unit serving under published orders for training), then form USL 316 MP DISC (3/14) is submitted with this application but is not a part of this application.
- I have verified the identity of the **owner** and annuitant, if the **owner** is non-natural, by reviewing a government-issued photo identification and any other required documentation.

<b>REQUIRED</b>	X _____	_____	_____
	Agent/Broker Signature	Agency Name	State License Number ( )
	Print Agent/Broker Name	Agency Number	Agent/Broker Address (STREET)
	Date	Agent /Broker Number	(CITY/ST/ZIP)
	<b>O P T I O N A L</b>		
	Phone Number	X _____	X _____
		Additional Agent/Broker Signature	Additional Agent/Broker Number

**13. New Business Enclosures***(For Agent/Broker Use Only): Check all that apply*

- |  |  |
|--|--|
| <input type="checkbox"/> Check (Payable to "Company")  | <input type="checkbox"/> Proof of Age (copy of Birth Certificate, Driver's License, Passport, other official I.D.) |
| <input type="checkbox"/> 1035 Exchange/Trustee Transfer Forms  | <input type="checkbox"/> EFT: voided check or deposit slip   |
| <input type="checkbox"/> Replacement Notice <i>(if applicable)</i>   | <input type="checkbox"/> Annuity Quote   |
| <input type="checkbox"/> State Notice <i>(in applicable states)</i>  | <input type="checkbox"/> Other: _____  |
| <input type="checkbox"/> Non-natural owner proof of authorization to sign (ex: Resolution, Trust Affidavit): _____ |  |



# Rate lock policy

American Pathway® fixed and income annuities – All states

## IMPORTANT NOTE

Below are the rate lock *guidelines* for traditional fixed and income annuities. Specific Transition Rules will accompany each interest rate change. If In Good Order (IGO) paperwork is not received by the end date of the specified transition period, the rate lock policy will not apply and the contract will be issued with interest rates active as of the Contract Effective<sup>1</sup> date.

### Fixed Annuities

Interest rate refers to the credited rate applied during the initial interest rate guarantee term.

#### For cash with application

If the Contract Effective date is within 14 calendar days from the application signed date the credited interest rate will be the “better of” rate in effect on:

- The date the application is signed or
- The Contract Effective date

If the Contract Effective date is NOT within 14 calendar days from the application signed date:

- The credited interest rate will be the rate in effect as of the Contract Effective date

#### For 1035 exchange or trustee transfer

If the Contract Effective date is within 60 calendar days (75 in New York) from the application signed date, the credited interest rate will be the “better of” rate in effect on:

- The date the application is signed or
- The Contract Effective date

If the contract is NOT issued within 60 calendar days (75 in New York) from the application signed date<sup>2</sup>:

- The credited interest rate will be the rate in effect as of the Contract Effective date.

Annuities issued by **American General Life Insurance Company (AGL)** and **The United States Life Insurance Company in the City of New York (US Life)**

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

FOR FINANCIAL PROFESSIONAL USE ONLY. NOT FOR PUBLIC DISTRIBUTION.

Not FDIC or NCUA/NCUSIF Insured

May Lose Value • No Bank or Credit Union Guarantee  
Not a Deposit • Not Insured by any Federal Government Agency

## Income Annuities

(Single premium immediate and deferred income)

Actual calculated income payment amount on the Contract Effective date may differ from the quote submitted if:

- Age and gender of annuitant(s) change
- Premium amount differs from quote
- Selected payout option, payment frequency, state of residence, income start date changes

Please note: Payout option includes election of reduction in survivor benefit for joint life option. Income start date must be on or after Contract Effective date.

If there is any change in the parameters listed above, the quote is no longer valid and the contract may be issued with an income payment amount higher or lower than what is illustrated. The contract will be issued based on the factors listed in the application and the underlying locked payout rate.

### For cash with application

New business forms (with valid quote) received IGO by the quote expiration date will be guaranteed based on the valid illustrated quote amounts.

If the Contract Effective date is NOT within 14 calendar days from the quote date:

- Income payment amount will be calculated based on the payout rate in effect as of the Contract Effective date

### For 1035 exchange or trustee transfer

A valid quote, signed application, exchange / transfer form and 60-calendar day (75-day in New York) Payout Rate Lock Authorization form must be received IGO on or before the quote expiration date.

If the Contract Effective date is within the required 60-calendar day (75-day in New York) from the application signed date and:

- YES is selected on the Payout Rate Lock Authorization form, the valid illustrated quote amounts are guaranteed (regardless if payout rates are higher or lower on the Contract Effective date.
- NO is selected on the Payout Rate Lock Authorization form, the income payment amount will be calculated based on the payout rate in effect as of the Contract Effective date.

If the Contract Effective date is NOT within the required calendar days from the application signed date<sup>2</sup>:

- Income payment amount will be calculated based on the payout rate in effect as of the Contract Effective date

<sup>1</sup> Contract Effective date is defined as the latter of the IGO date of the contract or the receipt of funds.

<sup>2</sup> For Regulation 60, the 75-calendar day rate lock begins on the application signature date (1-Step) or the Definition of Replacement signature date (2-Step).



Annuities are long-term products designed for retirement.

Retirement accounts such as IRAs can be tax deferred regardless of whether or not they are funded with an annuity. The purchase of an annuity within an IRA does not provide additional tax-deferred treatment of earnings. However, annuities do provide other features and benefits.

Withdrawals may be subject to federal and/or state income taxes. A 10% federal early withdrawal tax penalty may apply if taken before age 59½ in addition to ordinary income tax. Partial withdrawals may reduce benefits and contract value.

This material is general in nature, was developed for educational use only, and is not intended to provide financial, legal, fiduciary, accounting or tax advice, nor is it intended to make any recommendations. Applicable laws and regulations are complex and subject to change. Please consult with your financial professional regarding your situation. For legal, accounting or tax advice consult the appropriate professional.

Annuities issued by **American General Life Insurance Company (AGL)**, Houston, TX., except in New York where issued by **The United States Life Insurance Company in the City of New York (US Life)**. Issuing companies AGL and US Life are responsible for financial obligations of insurance products and are members of American International Group, Inc. (AIG). Guarantees are backed by the claims-paying ability of the issuing insurance company. AGL does not issue products in the state of New York.

May not be available in all states and product features may vary by state. Please refer to the contract.

[aig.com/annuities](https://aig.com/annuities)

www.aig.com/annuities

Contract Number: \_\_\_\_\_

**This is a summary document and is not a part of your contract with the insurer. It provides basic information about costs and benefits of your contract. Your annuity contract contains complete details.**

**General Description:** The American Pathway Immediate Annuity is a fixed single-premium immediate annuity issued by The United States Life Insurance Company in the City of New York ("the Company"). This annuity is single premium which means you buy it with one premium (payment). This annuity is immediate, which means it provides periodic income payments which begin within one year of your Contract Date. It is also irrevocable, which means that you permanently convert your premium into a guaranteed stream of payments and access to your money will be restricted. **THE AMERICAN PATHWAY IMMEDIATE ANNUITY HAS NO CASH VALUE OR SURRENDER VALUE.**

If you have questions about this annuity, please ask your agent, broker or advisor, or contact a company representative at 800-975-7978.

**Right to Examine Contract:** If after reading the contract you are not satisfied for any reason, you may return the contract to us within ten (10) days after receiving it and receive a prompt refund of the premium paid. Mail or surrender the contract, along with a written request for cancellation, to the address at the top of this page.

**Owner** – The person(s) or entity entitled to the ownership rights as specified in the "Owner" provisions of the annuity.

**Annuitant** – The "measuring life" on the annuity designated by the Owner in the application.

**Beneficiary** – The person or persons who will receive payment of any death benefit as designated by the Owner.

**Premium and Maximum Issue Age**– Minimum initial purchase premium is \$10,000 and the minimum income payment is \$100. Total premium paid may not exceed \$1,000,000 without prior home-office approval. The maximum issue age is 90 and 85 for all lifetime income only payment options.

#### **INCOME PAYMENTS:**

The following payout options may be selected on a single life or joint life basis:

- Lifetime income only
- Lifetime income with certain period
- Lifetime income with cash (lump sum) refund
- Lifetime income with installment refund
- Certain period only (no lifetime income)

If you select a single life only or joint life only payment option, income payments will cease upon the death of the Annuitant (or the surviving annuitant, for the joint life only option) and no additional payments will be made.

The amount of each income payment is dependent upon:

- The single premium used to purchase the annuity;
- The payout option and features selected;
- The annuitant's age and gender; and
- The current annuity rates in effect at the time the contract is issued.

Optional annual payment adjustments (annual percentage increase and flat dollar increase) are available with this annuity.

If you die before income payments begin, the single premium less any withdrawals will be paid as provided under the terms of your contract.

**INCOME END DATE:** For certain period contracts with no life contingency, the contract terminates at the end of the specified payout period. For life contingent contracts, the contract terminates on the date that all guaranteed income payments have been made and no annuitant is living.

**NON-SURRENDERABILITY:** The American Pathway Immediate Annuity is irrevocable; it permanently converts your single premium to a stream of income payments. There is no cash value and payments may not be advanced, accelerated or commuted except as may be otherwise stated in the contract and any applicable riders or endorsements.

**ADVANCE PAYMENT OPTION:** If you are receiving income payments on a monthly basis, the Annuity Income Payment Advance Rider allows you to request a lump-sum payment equal to the value of the next six months' worth of income payments. Your regularly scheduled income payments will resume after six months. You may exercise this option if you are age 59 ½ or older and the contract is a non-qualified plan. Accelerated income payments are fully taxable. This option may only be elected twice during the payout period.

**COMMUTATION WITHDRAWAL BENEFIT RIDER:** The Withdrawal Benefit Rider permits Owners who elect certain payout options to access the commuted value of part or all of remaining guaranteed income payments. One year after your income payments begin you may elect this one-time lump sum withdrawal of up to 100% of the present value of your remaining guaranteed income payments. This withdrawal is subject to certain restrictions. There is no charge for this rider but amounts withdrawn may be subject to a surrender charge as follows:

Surrender Charge Schedule										
Contract Year	1	2	3	4	5	6	7	8	9	Thereafter
Charge	N/A	N/A	7%	6%	5%	4%	3%	2%	1%	0%
(% of commuted value withdrawn)										

A commutation will reduce any remaining guaranteed income payments by the same percentage as the withdrawal. The amount of any lifetime income payments will not change.

**This option IS NOT available with lifetime income only, certain period only, or any income payment option that includes an annual payment increase. There is a 6 month waiting period if the Advance Payment Option is exercised. It is available only for non-qualified and Roth IRA contracts.**

**TAXES:** If you purchase the annuity with pre-tax dollars, then your annuity is considered to be qualified. If you purchase with after-tax dollars, then your annuity is considered to be non-qualified. The tax status of your annuity is shown on your application. If your application reflects you are purchasing this contract as an Individual Retirement Annuity (IRA) or Roth IRA, the appropriate endorsement will be included with your contract.

For contracts purchased with qualified funds, payments are fully taxable as ordinary income. For contracts purchased with non-qualified funds, a portion of each income payment is considered a return of the original investment and is excludable from gross income until fully recouped, and a portion is considered earnings and taxed as ordinary income. Once the original investment in the contract is exhausted, all future payments will be fully taxable. Other types of payments/withdrawals are taxed as ordinary income and may reduce any future guaranteed income payments and any death benefit. A withdrawal tax penalty may apply on any taxable income payments or withdrawals if taken before age 59½. There may be some exceptions to this tax penalty; therefore, you may wish to consult a tax advisor for further guidance.

This single premium income product may not be appropriate for use with contributory IRAs (IRA, Roth, SEP) if you plan to make ongoing contributions. Annuities offer tax deferral. Keep in mind, if your purchase is tax-qualified (such as an IRA), the annuity provides no additional tax-deferred benefit beyond that provided by the plan. However, annuities do provide other features such as guaranteed payments and lifetime income. You should only use an annuity in a tax-qualified plan if you want to benefit from features other than tax deferral. Please consult with your financial and tax advisor regarding your individual situation.

This information is general in nature, may be subject to change, and does not constitute legal, tax or accounting advice from any company, its employees, financial professionals or other representatives. Applicable laws and regulations are complex and subject to change. Neither the issuing insurance company nor its distributors or representatives give tax, accounting, or legal advice. You should consult qualified tax counsel or a qualified tax advisor about all tax issues relating to this contract. Any tax statements in this material are not intended to suggest the avoidance of U.S. federal, state or local tax penalties.

**OTHER IMPORTANT INFORMATION:**

- The Company may change your annuity contract to comply with federal or state laws and regulations. If changes are required, you will be notified about the changes in writing.
- The Company pays the agent, broker or firm for selling the annuity to you. They may receive more compensation for selling this annuity contract than for selling other annuity contracts.
- Product rates and features may vary by state and selling firm.

**Not a deposit | Not insured by any federal government agency**  
**May lose value | No bank or credit union guarantee | Not FDIC/NCUA/NCUSIF insured**

Regarding sales subject to the Department of Labor (“DOL”) Fiduciary Rule, the company is not acting as a fiduciary or supervising fiduciary activity of agents.

**OWNER’S STATEMENT:** The undersigned Owner(s) acknowledges that he/she:

- (a) Has read and understands the above items;
- (b) Has received a copy of this Owner Acknowledgement;
- (c) Has paid a single premium of \$ \_\_\_\_\_ to purchase a \_\_\_\_\_ (payout option) immediate annuity with payments of \$ \_\_\_\_\_ per \_\_\_\_\_ (frequency of payments) from The United States Life Insurance Company in the City of New York; and
- (d) Has applied for a ☐ qualified ☐ non-qualified annuity.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
OWNER’S NAME (Please Print)

\_\_\_\_\_  
OWNER’S SIGNATURE

\_\_\_\_\_  
JOINT OWNER’S NAME, IF ANY (Please Print)

\_\_\_\_\_  
JOINT OWNER’S SIGNATURE

**AGENT’S STATEMENT:** I have provided accurate information to the client regarding this annuity. I have made my client aware that this product is intended to provide periodic income payments and has no cash value or surrender value.

Based on the suitability information gathered by me, I have a reasonable basis to believe that: (a) the applicant would benefit from the elected features of the annuity; (b) this annuity, as a whole, is suitable, and (c) if this is a replacement, the sale of this annuity is a reasonable product for the applicant.

By signing below, I, as the agent (or on behalf of all agents, if there is a split commission) acknowledge my obligation to comply with any applicable federal and state laws and regulations applicable to the solicitation of this product including, as applicable, compliance with the DOL Fiduciary Rule’s impartial conduct standards and disclosure requirements. I further acknowledge and agree that I am responsible for fulfilling any fiduciary obligations resulting from the DOL Fiduciary Rule.

\_\_\_\_\_  
AGENT’S NAME (Please Print)

\_\_\_\_\_  
AGENT’S SIGNATURE

# Income Annuity Trustee Transfer Request Form

## The United States Life Insurance Company in the City of New York (USL)

Use this form for all qualified plan transfers or direct rollovers.

### Instructions for Releasing Financial Institution:

Liquidate: ☐ All ☐ Part \$ \_\_\_\_\_ or % \_\_\_\_\_ ☐ **GROSS** ☐ **NET** (of charges and fees) of my account balance.  
check one

Name of current Company/Trustee/Custodian (required):		Owner(s) (required):	
Owner's Email Address is Required (If none exists, enter NA):			
Street Address to send Exchange/Transfer request:		Annuitant(s)/Insured (required):	
City:	State:	Zip:	SSN(s) (required):
Telephone Number:		Policy/Contract/Account Number(s) (required):	

Questions about this request? Call Customer Service at: 1(800)975-7978

Checks should be made payable to The United States Life Insurance Company in the City of New York, FBO the Owner, and contract number \_\_\_\_\_  
SPIA# \_\_\_\_\_

#### Regular Mail:

The United States Life Insurance Company in the City of New York  
P.O. Box 650545, Dept USL  
Dallas, TX 75265-0545

#### Overnight/Express Mail:

JPMorgan Chase (TX1-0029)  
ATTN: USL 650545 Dept. USL  
14800 Frye Road, 2nd Floor  
Ft Worth, TX 76155

### TRUSTEE-TO-TRUSTEE TRANSFER (Qualified plan transfer, nonqualified transfers or direct rollovers)

I hereby authorize my current trustee/custodian to liquidate and transfer the assets from the above named account to USL. This amount represents all or part of my eligible rollover distribution as defined under 402(c)(8)(B). I realize that I will receive an IRS Form 1099R on this distribution from my plan. These funds will be accepted by USL which will issue to the Owner an Individual Retirement Annuity (IRA), as defined under section 408(b) of the IRC, unless otherwise indicated. I understand the exact amount of the proceeds may vary depending upon the date of transfer and I agree to timely execute any additional documents required to complete the transfer.

Type of assets to be transferred: ☐ Qualified Retirement Plan ☐ 403(b) ☐ IRA ☐ Roth IRA  
☐ Nonqualified CD or other savings ☐ Other \_\_\_\_\_

### REQUIRED MINIMUM DISTRIBUTION INFORMATION (If AGE 70½ or older this year)

I understand that annuities purchased with IRA or Qualified Plan funds are subject to the Minimum Distribution Rules. If I turn age 70 1/2 during this calendar year or if I am currently taking Required Minimum Distributions I further understand that the Required Minimum distribution may need to be withdrawn before transferring the funds.

### SIGNATURES

**X** \_\_\_\_\_ **Date** \_\_\_\_\_ **X** \_\_\_\_\_ **Date** \_\_\_\_\_  
Owner Joint Owner (if applicable)

### LETTER OF ACCEPTANCE

The above named individual has established a Qualified Income Annuity with USL. We will accept the proceeds currently held by your company for placement in the income annuity established with USL.

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Authorized Representative of USL

## 75-DAY PAYOUT RATE LOCK AUTHORIZATION

The 75-Day payout rate lock is available for income annuity cases (limited up to \$1,000,000 of premium) involving 1035 Exchanges or Trustee-to-Trustee transfers. If the payout rate lock is selected, the payout rates used for determining annuity payments will be locked for 75 calendar days from the date the application paperwork was signed, regardless of the current payout rates (whether higher or lower) in effect at the time the funds are received by USL. If the rate lock is not selected, the payout rates used to determine annuity payments will be the payout rates in effect at the time the funds are received by USL. In the case of multiple exchanges/transfers, the payout rates used will be the ones in effect at the time the last transfer is received by USL. In the event the transfer of funds takes longer than 75 calendar days, the rate lock will expire and the payout rate will be the current rate at the time all transfers are received by USL.

If no selection is made, you will be deemed to have checked the "No" box below, and USL will use the payout rates in effect at the time all funds are received from the current trustee/custodian.

The payout rates are based upon the quote provided with the completed Single Premium Income Annuity Application. If for some reason the quote provided is invalid or expired when received by USL, a new quote will be generated at that time and that quote date will be the first day of the new 75 day period.

**If transfer is for \$1 million or less, select an option by checking the appropriate box.**

- ☐ **Yes**, lock the current payout rates available at the application paperwork was signed. I understand the payout rate lock expires in 75 calendar days from the application signed date.
- ☐ **No**, do not lock the current payout rates, instead use the payout rates available at the time all funds are received by USL.

USL will diligently seek payment of funds during the 75 day period. In the event USL finds payment of the funds is being delayed as a result of actions on your part, or the part of any person or entity directly or indirectly under your control, the 75 Day payout rate lock will be deemed to have expired, and USL will use the payout rate available at the time all funds are received by USL.

**I understand that my selection above is irrevocable once the Exchange/Transfer request is completed and signed.**

**X**

*Owner's Signature*

*Date*

**X**

*Agent's Signature*

*Date*

## **Prohibited Transaction Exemption (PTE) 84-24 Disclosure and Acknowledgement Form**

Copies of this Form are to be retained by the contract owner and agent and should **not** be submitted with the application to the insurance company.

This disclosure and acknowledgement form ("*Form*") provides important information for you to consider prior to making the purchase of an annuity or other insurance product ("*Contract*") issued by American General Life Insurance Company or The United States Life Insurance Company in the City of New York, collectively the "Insurance Company" with funds from an IRA or other retirement plan subject to the Employment Retirement Security Act of 1974 (*ERISA*), as amended. The information provided in this Form is intended to satisfy the requirements and conditions of U.S. Department of Labor Prohibited Transaction Exemption 84-24 (*PTE 84-24*).

This Form describes:

- The nature of the relationship between the agent and the insurance company
- The sales commission the agent will receive in connection with your purchase of this Contract
- Certain charges and fees that may be imposed in connection with the purchase, holding, exchange, termination, or sale of the Contract

Name of Agent \_\_\_\_\_

Name of Proposed IRA Owner \_\_\_\_\_

Product Name ("*the Contract*") \_\_\_\_\_

Insurance Company (*select one*)

- ☐ American General Life Insurance Company
- ☐ The United States Life Insurance Company in the City of New York

### **Relationship of the Agent to the Insurance Company**

The Agent can only sell annuity and insurance products which his/her license allows, and which are issued by an insurance company with whom they are authorized to sell. The Agent from whom you are purchasing this annuity Contract is independent of the issuing Insurance Company listed above and is under no contractual obligation to recommend or offer the above Insurance Company's annuity or insurance products. The Agent is licensed and appointed with a number of insurance companies and may recommend annuity contracts that are issued by the Insurance Company listed above, as well as other insurance companies. The Agent may not waive or modify any terms of the Contract.

### **Commissions Paid by the Insurance Company to the Agent**

The Insurance Company will pay sales commissions to the Agent when you purchase this Contract. The commissions are paid by the Insurance Company and one hundred percent of your premium payment(s) will be credited to your Contract. If you purchase the Contract, the Insurance Company will pay the Agent a commission as follows:

\_\_\_\_\_ % of the gross annual premium received by the Insurance Company during the first year of the Contract; and

\_\_\_\_\_ % of the account value paid starting in year two (*if applicable*)

### **Charges**

The Contract may include certain charges, fees, discounts, penalties, or adjustments imposed by the Insurance Company as the issuer of the Contract. These may include surrender charges, bonus recapture provisions, market value adjustments, or fees for optional annuity contract features available through a rider to the Contract. The charges and provisions applicable to this Contract are described in detail in the annuity disclosure statement also known as the Owners Acknowledgement that has been provided to you and signed by you in connection with your application to purchase this Contract. It is important that you understand the charges that may be imposed under the Contract you are purchasing. Please ask the Agent if you have any questions or would like additional information.

**Acknowledgement of Disclosure/Approval**

I acknowledge receipt of the information contained in this Form (*including the Agent's relationship to the issuing Insurance Company, the commission the Agent will receive in connection with the purchase of the Contract, and the charges and fees associated with this Contract*) and the annuity disclosure statement known as the Owner Acknowledgement referenced above. I acknowledge that I received this information prior to the purchase of the Contract. I approve the purchase of the Contract for funding contributions to the IRA. I understand that this Form is not a contract and does not create any enforceable obligations between me and the Agent, any applicable insurance agency, the Insurance Company, or any other party.

---

**Applicant Signature**

---

**Date****Agent Certification/Acknowledgement**

I certify and acknowledge that I have provided to the applicant all disclosures required in this Form and have satisfied the requirements of PTE 84-24. I certify that I have provided a copy of this Form to the applicant and have retained a copy for my records.

---

**Agent Signature**

---

**Date**





**Please read the following before proceeding:**

US Life does not accept sales of income annuities in New York that are funded by replacements of deferred annuity contracts or life insurance policies. This includes the American Pathway Immediate Annuity (SPIA) and the American Pathway Deferred Income Annuity (DIA). Sales of these products in New York will only be accepted when a replacement is not involved.

This does not impact our AGL (non-New York) product portfolio or any other products currently offered by our company in the state of New York.

**Note: All New Business submissions should complete the following Definition of Replacement (DOR) form.**

# The United States Life Insurance Company in the City of New York

Mailing Address: Annuity Service Center • P.O. Box 871 • Amarillo, TX 79105-0871

Overnight Mailing Address: Annuity Service Center • 1050 N. Western Street • Amarillo, TX 79106-7011

## DEPARTMENT OF FINANCIAL SERVICES OF THE STATE OF NEW YORK DEFINITION OF REPLACEMENT

IN ORDER TO DETERMINE WHETHER YOU ARE REPLACING OR OTHERWISE CHANGING THE STATUS OF EXISTING LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS, AND IN ORDER TO RECEIVE THE VALUABLE INFORMATION NECESSARY TO MAKE A CAREFUL COMPARISON IF YOU ARE CONTEMPLATING REPLACEMENT, THE AGENT OR BROKER IS REQUIRED TO ASK YOU THE FOLLOWING QUESTIONS AND EXPLAIN ANY ITEMS THAT YOU DO NOT UNDERSTAND.

AS PART OF YOUR PURCHASE OF A NEW LIFE INSURANCE POLICY OR A NEW ANNUITY CONTRACT, HAS EXISTING COVERAGE BEEN, OR IS IT LIKELY TO BE:

- (1) LAPSED, SURRENDERED, PARTIALLY SURRENDERED, FORFEITED, ASSIGNED TO THE INSURER REPLACING THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT, OR OTHERWISE TERMINATED?

YES \_\_\_\_ NO \_\_\_\_

- (2) CHANGED OR MODIFIED INTO PAID-UP INSURANCE; CONTINUED AS EXTENDED TERM INSURANCE OR UNDER ANOTHER FORM OF NONFORFEITURE BENEFIT; OR OTHERWISE REDUCED IN VALUE BY THE USE OF NONFORFEITURE BENEFITS, DIVIDEND ACCUMULATIONS, DIVIDEND CASH VALUES OR OTHER CASH VALUES?

YES \_\_\_\_ NO \_\_\_\_

- (3) CHANGED OR MODIFIED SO AS TO EFFECT A REDUCTION EITHER IN THE AMOUNT OF THE EXISTING LIFE INSURANCE OR ANNUITY BENEFIT OR IN THE PERIOD OF TIME THE EXISTING LIFE INSURANCE OR ANNUITY BENEFIT WILL CONTINUE IN FORCE?

YES \_\_\_\_ NO \_\_\_\_

- (4) REISSUED WITH A REDUCTION IN AMOUNT SUCH THAT ANY CASH VALUES ARE RELEASED, INCLUDING ALL TRANSACTIONS WHEREIN AN AMOUNT OF DIVIDEND ACCUMULATIONS OR PAID-UP ADDITIONS IS TO BE RELEASED ON ONE OR MORE OF THE EXISTING POLICIES?

YES \_\_\_\_ NO \_\_\_\_

- (5) ASSIGNED AS COLLATERAL FOR A LOAN OR MADE SUBJECT TO BORROWING OR WITHDRAWAL OF ANY PORTION OF THE LOAN VALUE, INCLUDING ALL TRANSACTIONS WHEREIN ANY AMOUNT OF DIVIDEND ACCUMULATIONS OR PAID-UP ADDITIONS IS TO BE BORROWED OR WITHDRAWN ON ONE OR MORE EXISTING POLICIES?

YES \_\_\_\_ NO \_\_\_\_

- (6) CONTINUED WITH A STOPPAGE OF PREMIUM PAYMENTS OR REDUCTION IN THE AMOUNT OF PREMIUM PAID?

YES \_\_\_\_ NO \_\_\_\_

IF YOU HAVE ANSWERED YES TO ANY OF THE ABOVE QUESTIONS, A REPLACEMENT AS DEFINED BY NEW YORK INSURANCE REGULATION 60 HAS OCCURRED OR IS LIKELY TO OCCUR AND YOUR AGENT OR BROKER IS REQUIRED TO PROVIDE YOU WITH THE **IMPORTANT** NOTICE REGARDING REPLACEMENT OR CHANGE OF LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS. YOU WILL ALSO RECEIVE A COMPLETED DISCLOSURE STATEMENT NO LATER THAN THE TIME YOUR NEW POLICY OR NEW CONTRACT IS DELIVERED.

Date: \_\_\_\_\_ Signature of Applicant: \_\_\_\_\_

Date: \_\_\_\_\_ Signature of Applicant: \_\_\_\_\_

TO THE BEST OF MY KNOWLEDGE, A REPLACEMENT IS INVOLVED IN THIS TRANSACTION: YES \_\_\_\_ NO \_\_\_\_

Date: \_\_\_\_\_ Signature of Agent or Broker: \_\_\_\_\_

The United States Life Insurance Company in the City of New York

Mailing Address: Annuity Service Center • P.O. Box 871 • Amarillo, TX 79105-0871

Overnight Mailing Address: Annuity Service Center • 1050 N. Western Street • Amarillo, TX 79106-7011

STATE OF NEW YORK  
COMPENSATION  
DISCLOSURE

Contract No. \_\_\_\_\_

The following disclosure is provided pursuant to Section 30.3 of New York Comp. Codes R. & Reg., tit. 11, Pt. 30 (Regulation 194):

\_\_\_\_\_ (“the producer”) is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

\_\_\_\_\_  
Insurance Producer Name (Print)

\_\_\_\_\_  
Insurance Producer (Signature)

\_\_\_\_\_  
Date

I ACKNOWLEDGE THAT I RECEIVED THIS DISCLOSURE FORM.

\_\_\_\_\_  
Client Name (Print)

\_\_\_\_\_  
Client (Signature)

\_\_\_\_\_  
Date

## Client Profile Form – New York Solicitations Only

### Instructions:

- Complete this form if the contract owner is an individual or a revocable trust.
- This form should be completed using the contract owner's information. If the contract owner is a revocable trust, use the trust grantor's information.
- If the contract owner is a non-natural entity, other than a revocable trust, complete Client Profile Form UA1005CPT.
- Check that all questions are answered completely and accurately.
- This form must be completed, signed and dated in order to consider your application.
- Corrections or updates to information on this form must be initialed by the client.

**Incomplete forms will delay processing. Do not leave any questions blank. All responses must be legible.**

If any information provided changes before the contract is issued, you must provide notice to USL. A change in information may require an explanation and further review. You may be asked to verify the accuracy of the information on this form. **Please be aware USL may decline to issue an annuity contract based on the suitability information provided on this form.**

### Section I – Owner Information

1a. Owner Name		1b. Owner Date of Birth	
2a. Joint Owner Name		2b. Joint Owner Date of Birth	
3. Please indicate your experience level with financial, insurance, or investment products: 			
4. What is your risk tolerance with respect to the purchase of <u>this annuity</u> ? (check one)  <input type="checkbox"/> Conservative <i>I prefer little to no market risk.</i>  <input type="checkbox"/> Moderate <i>I am willing to accept some market risk to achieve higher returns.</i>  <input type="checkbox"/> Aggressive <i>I am willing to accept maximum market risk to achieve maximum returns.</i>		5. What are your financial goals for purchasing <u>this annuity</u> ? (check all that apply)  <input type="checkbox"/> Guaranteed Income <input type="checkbox"/> Education Financing <input type="checkbox"/> Safety of Principal <input type="checkbox"/> Death Benefit/Estate Planning <input type="checkbox"/> Tax Deferral <input type="checkbox"/> Other _____ <input type="checkbox"/> Asset Growth      _____	
6. How long do you anticipate holding this annuity? 			
7. Do you anticipate taking any withdrawals prior to age 59½? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A (Over 59 ½) (If yes, please explain) _____			
8. Do you anticipate accessing <u>more than</u> the penalty-free amount in any year during the annuity's surrender charge period? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A (Single Premium Immediate Annuity (SPIA) or Deferred Income Annuity (DIA)) (If yes, please explain) _____			
9. Do you have any existing life insurance or annuity contracts that were sold to you by the same agent that has recommended this sale? <input type="checkbox"/> Yes <input type="checkbox"/> No			

### Section II – Complete for SPIA or DIA Only

10. Are you selecting the "Lifetime Income Only" payout option? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A (Fixed or Index Annuity) <b>Note:</b> If yes, no further income payment will be made and this contract will terminate at the death of the annuitant(s).
11. Are you aware that the income annuity being purchased permanently converts your premium to a guaranteed stream of payments and your access to the premium used to purchase the annuity will be restricted?  <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A (Fixed or Index Annuity)

### Section III – Financial Information

<b>12.</b> What is your total <u>annual</u> household gross income?  \$ _____ (annual amount)	<b>13.</b> Please identify the source(s) of your household income. <i>(check all that apply)</i> <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Employment/Self Employment  <input type="checkbox"/> Pension/Retirement Benefits  <input type="checkbox"/> Investments  <input type="checkbox"/> Other _____         </div> <div> <input type="checkbox"/> Social Security  <input type="checkbox"/> Annuity  <input type="checkbox"/> Reverse Mortgage         </div> </div>		
<b>14.</b> What are your approximate <u>annual</u> household living expenses <i>(include housing, insurance, food, healthcare, taxes, etc.)</i> ?  \$ _____ (annual amount)	<b>15.</b> What is your federal income tax bracket? <input type="checkbox"/> Less than 15% <input type="checkbox"/> 15-28% <input type="checkbox"/> Greater than 28%		
<b>16.</b> After the purchase of this annuity, will you have sufficient cash or other sources of income available for emergencies? <input type="checkbox"/> Yes <input type="checkbox"/> No			
<b>17.</b> Source of funds for this annuity: <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Savings/Checking/Money Market  <input type="checkbox"/> Annuity <b>(Page 3 Required)</b>  <input type="checkbox"/> Life Insurance <b>(Page 3 Required)</b> </div> <div> <input type="checkbox"/> Certificate of Deposit (CD)  <input type="checkbox"/> Stocks/Bonds/Mutual Funds  <input type="checkbox"/> Employer Retirement Plan (401(k), 403(b), Pension, etc.)         </div> <div> <input type="checkbox"/> Home Equity Loan  <input type="checkbox"/> Reverse Mortgage  <input type="checkbox"/> Other _____         </div> </div>			
<b>18. Complete the Asset Inventory below:</b> Please provide the total value for each asset type below for the household, <b><u>after the purchase of this annuity</u></b> . If you do not own a specific asset type, please complete with \$0. All asset(s) below left blank will be assumed to have a value of \$0. <b>Expected Premium Amount for this Annuity:</b> _____ <i>(Exclude Premium Amount from the grid below)</i>			
<b>Non-Qualified Asset Types</b>	<b>Value</b>	<b>Non-Qualified Asset Types</b>	<b>Value</b>
a. Cash/Checking/Savings/Money Market/CD	\$ _____	b. Real Estate Equity <i>(excluding primary residence)</i>	\$ _____
c. Stocks/Bonds	\$ _____	d. Life Insurance Cash Value	\$ _____
e. Non-Qualified Mutual Funds <i>(exclude Class B funds subject to deferred sales charges)</i>	\$ _____	f. Non-Qualified Class B Mutual Funds <i>(subject to deferred sales charges)</i>	\$ _____
g. Non-Qualified Annuities subject to surrender penalties	\$ _____	h. Non-Qualified Annuities <u>not</u> subject to surrender penalties	\$ _____
<b>Qualified Asset Types</b>	<b>Value</b>	<b>Qualified Asset Types</b>	<b>Value</b>
i. Qualified Mutual Funds <i>(exclude Class B funds subject to deferred sales charges)</i>	\$ _____	j. Class B Qualified Mutual Funds <i>(subject to deferred sales charges)</i>	\$ _____
k. Qualified Annuities subject to surrender penalties	\$ _____	l. Qualified Annuities <u>not</u> subject to surrender penalties	\$ _____
m. Other Qualified Plans <i>(401(k), 403(b), 457, Pension, IRAs, etc.)</i>	\$ _____		
<b>19.</b> Will the purchase of this annuity prevent you from meeting any financial liabilities and/or obligations (including mortgage loans, auto loans, credit card debt, insurance premiums, etc.)? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>(If yes, please explain)</i> _____ _____			
<b>20.</b> Are you purchasing this annuity in order to qualify, 'spend down' or become eligible for any needs-based governmental benefit program, such as Medicaid or a veteran's benefit <i>(exclude Social Security and Medicare)</i> ? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>(If yes, please explain)</i> _____ <b>Note:</b> USL annuity products are not designed with the intent of satisfying the requirements of 'spend down' strategies typically associated with qualifying for needs-based governmental benefit programs, such as Medicaid or veteran's benefits.			
<b>21.</b> Do you expect significant changes in your financial situation or needs, annual income, existing assets, liquidity needs, liquid net worth or tax status during the surrender charge period? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>(If yes, please indicate whether any of the financial information provided above will be impacted.)</i> _____ _____			

## Section IV – Replacement Information

22. Will the purchase of this annuity result in a replacement of an existing annuity contract or life insurance policy?

☐ Yes ☐ No (If no, skip questions 23-25)

**Note:** USL does not accept deferred annuity to single premium immediate annuity (SPIA) or deferred income annuity (DIA) replacements.

23. Please indicate the type of replacement taking place:

☐ Annuity to Annuity (**complete the table below**) ☐ Life Insurance to Annuity (skip the table below)

24. Excluding this replacement, have you had any other annuity exchange or replacement within the past 36 months?

☐ Yes ☐ No

### COMPLETE TABLE IF THIS IS AN ANNUITY-TO-ANNUITY REPLACEMENT ONLY

Please complete this section in its entirety. If requested information is unknown, contact your existing annuity company. If information is not applicable, fill in "not applicable" or "N/A".

If replacing more than one contract, completely fill in the information for each replacement. If replacing more than two contracts, complete additional charts. The owner(s) and agent(s) should sign and date the additional paperwork.

**Please Note:** In addition to the replacement information provided below, USL will utilize the information provided on the completed Regulation 60 Disclosure Form to evaluate the suitability of the replacement.

Existing Annuity Contract Information		Existing Contract #1	Existing Contract #2
a.	Company Name		
b.	Contract Number		
c.	Annuity Type (Fixed, Index or Variable)		
d.	Contract Issue Date		
e.	Current Contract Value	\$ _____	\$ _____
f.	Death Benefit Value	\$ _____	\$ _____
g.	Actual or Estimated Amount Being Transferred to USL	\$ _____	\$ _____
h.	Surrender Charge or Penalty Assessed on Amount Being Transferred	\$ _____	\$ _____
i.	Market Value Adjustment (MVA)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
j.	Estimated MVA amount that will apply (if none, list \$0). Indicate if the MVA amount will be added (+) to or subtracted (-) from the amount being transferred as listed above.	\$ _____	\$ _____
k.	Living Benefit or Income rider? (GLWB, GMWB, GMIB, etc.)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
l.	Fixed Annuity Interest Rates (Include Fixed Account where applicable for Variable and Index Annuities)	Current: _____% Minimum: _____%	Current: _____% Minimum: _____%
m.	Same selling agent on existing contract and new contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

25. **Reasons for Replacement:** Please check the factors that support the reason for replacing the existing annuity and provide specific details to support the rationale for the replacement below.

☐ Higher Income      ☐ Higher Interest Rates      ☐ Index Crediting Strategies      ☐ Safety of Principal      ☐ Reduce Market Risk  
☐ Income Features      ☐ Consolidation      ☐ Growth Potential      ☐ Reducing Fees      ☐ Diversification  
☐ Higher Death Benefit Value      ☐ Other (please specify): \_\_\_\_\_

## Section V – Agent Acknowledgement and Disclosures

<p><b>26.</b> Did you inform the client about the applicable features and the potential consequences of the sales transaction, both favorable and unfavorable, including but not limited to the following?</p> <div style="display: flex; justify-content: space-between;"> <ul style="list-style-type: none"> <li>a. Surrender period and surrender charge</li> <li>b. Index crediting features</li> <li>c. Availability of cash value</li> <li>d. Riders and rider fees</li> <li>e. Investment advisory fees</li> <li>f. Non-guaranteed elements</li> <li>g. Policy exclusion or restrictions</li> </ul> <ul style="list-style-type: none"> <li>h. Limitations on interest returns</li> <li>i. Potential charges for and features of riders</li> <li>j. Guaranteed interest rates</li> <li>k. Potential tax implications associated with various transactions</li> <li>l. Any differences in fee-based and commission-based versions of the policy</li> </ul> </div>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>27.</b> If this purchase will result in a replacement of an existing life insurance or annuity policy, have you determined that the replacement will result in a benefit to the client over the life of the new product, especially considering the following?</p> <div style="display: flex; justify-content: space-between;"> <ul style="list-style-type: none"> <li>a. Increases or decreases in premium or fees</li> <li>b. Changes in coverage duration</li> <li>c. Changes to death benefit</li> <li>d. Changes to income amount</li> <li>e. Potential surrender charges</li> <li>f. Potential tax implications associated with various transactions</li> </ul> <ul style="list-style-type: none"> <li>g. Commencement of new surrender period</li> <li>h. Addition or loss of existing benefits (such as death, living and/or other contractual benefits)</li> <li>i. Be subject to increased fees, investment advisory fees, premium loads or charges for riders and similar product enhancements</li> <li>j. The completed Regulation 60 Disclosure paperwork</li> </ul> </div>	<input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> N/A (Not a Replacement, skip question 28 below)
<p><b>28. For Replacements Only:</b> Other than potential reduction of liquidity, explain whether any features or benefits of the existing life insurance or annuity policy will be lost or reduced upon the issuance of the new annuity. For example, consider the items below:</p> <ul style="list-style-type: none"> <li>Income available to the client (including annuitization), or guaranteed interest rates (GMIR)</li> <li>Impact to features such as living benefit, living benefit base value, death benefit, death benefit base values, other riders, etc.</li> </ul>	
<p><b>29.</b> Before recommending this annuity, did you disclose to the client the limitations, if any, you have on the types of financial products you can offer?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>30.</b> Did you provide the required compensation disclosures to the client?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>31. Basis of Recommendation:</b> Answer the following questions related to the basis for your recommendation. Be sure to include <b>client-specific and product-specific</b> information that supports your explanation. If more space is needed, a separate page can be used. If a separate page is used, the client should initial the additional explanation page(s).</p> <ol style="list-style-type: none"> <li>Explain the reasons for recommending this product, including how the client intends to use the new annuity contract.</li> <li>Explain why the current account or investment cannot meet the applicant's goals/objectives. If the client is replacing an existing life insurance or annuity policy, provide specific details about the comparison of the two products (For example, include interest rate comparison, income amount or income potential comparison, etc.). This should support the reasons for recommending listed above.</li> </ol>	
<p><b>32.</b> Did you utilize financial analysis software or an annuity product evaluation tool to assist with your recommendation of this annuity?</p> <p>If yes, did you utilize commercial software, proprietary software, or another strategy to determine the product was in the client's best interest?</p> <div style="display: flex; justify-content: space-around;"> <span><input type="checkbox"/> Commercial Software</span> <span><input type="checkbox"/> Proprietary Software</span> <span><input type="checkbox"/> Other</span> </div>	<input type="checkbox"/> Yes <input type="checkbox"/> No

## Section V – Agent Acknowledgement and Disclosures (Continued)

### By signing this form, I acknowledge the following:

- To the best of my knowledge and belief, the information on the form is true, complete and was obtained prior to the purchase of the annuity.
- My recommendation was made with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use under the prevailing circumstances.
- In my professional opinion, the recommended annuity is suitable and in the client's best interest.
- My recommendation was not influenced by any compensation or incentives I would receive as a result of this annuity sale.
- Upon request, I will provide USL with supporting documentation regarding the basis of my recommendation as well as any applicable disclosures, including the compensation disclosure.

Agent's Signature

Agent's Signature Date

Broker/Dealer, Firm, or Affiliation Name

## Section VI – Client Acknowledgement and Disclosures

33. Has your agent informed you about the applicable features of the annuity, as well as any advantages and disadvantages of the recommendation?	<input type="checkbox"/> Yes <input type="checkbox"/> No
34. If this purchase will result in a replacement of an existing life insurance or annuity policy, has your advisor explained the advantages and disadvantages of replacing the existing product with this annuity?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A (Not a Replacement)
35. Do you understand and are you willing to accept the "non-guaranteed" elements described below for the annuity you are purchasing? <b>For Fixed Annuity Only:</b> Your initial interest rate is only guaranteed for an initial guaranteed rate period, after which a renewal rate will be declared on an annual basis, subject to minimum guarantees. <b>For Fixed Index Annuity Only:</b> The initial interest rates, rate caps, and participation rates are not guaranteed for the life of the contract, and renewal rates will be declared on an annual basis after the initial period, subject to minimum and maximum guarantees.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A (SPIA/DIA)
36. Has your agent informed you of how he/she gets compensated and/or is incentivized for selling you this annuity?	<input type="checkbox"/> Yes <input type="checkbox"/> No

### By signing this form, I acknowledge the following:

- To the best of my knowledge and belief, the information I provided to my agent and shown above is true, complete and was obtained prior to my signature below and the purchase of this annuity.
- I understand that my failure to provide true and complete information may affect the ability of my agent and USL to determine the suitability of the product being applied for and may limit the protection provided by regulations regarding suitability of the annuity being purchased.
- I believe the annuity being applied for is suitable and in my best interest according to my financial needs and objectives.
- I was provided the basis of the recommendation from my agent (summary provided on the previous page).
- For Fixed Index Annuities and Fixed Annuities Only:** I understand that withdrawals of contract values during the withdrawal charge period will be subject to a surrender charge if they exceed penalty-free withdrawal amounts.
- For Single Premium Immediate Annuity (SPIA) or Deferred Income Annuity (DIA) Only:** I understand that, with limited exceptions, I am permanently converting my premium into an income stream.

Owner's Signature

Owner's Signature Date

Joint Owner's Signature

Joint Owner's Signature Date



# Buyer's Guide for Deferred Annuities



Prepared by the

**NAIC**

**National Association of Insurance Commissioners**

The National Association of Insurance Commissioners is an association of state insurance regulatory officials. This association helps the various insurance departments to coordinate insurance laws for the benefit of all consumers.

This guide does not endorse any company or policy.

Reprinted by:

- American General Life Insurance Company
- The Variable Annuity Life Insurance Company
- The United States Life Insurance Company in the City of New York

# NAIC Buyer's Guide for Deferred Annuities

It is important that you understand how annuities can be different from each other so you can choose the type of annuity that's best for you. The purpose of this Buyer's Guide is to help you do that. This Buyer's Guide is not meant to offer legal, financial, or tax advice. You may want to consult independent advisors that specialize in these areas.

**This Buyer's Guide is about deferred annuities in general and some of their most common features. It is not about any particular annuity product.** The annuity you select may have unique features this Guide doesn't describe. It is important for you to carefully read the material you are given or ask your annuity salesperson, especially if you are interested in a particular annuity or specific annuity features.

This Buyer's Guide includes questions you should ask the insurance company or the annuity salesperson (the agent, producer, broker, or advisor). Be sure you are satisfied with the answers before you buy an annuity.

**Revised 2013**

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Printed in the United States of America

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## Table of Contents

<b>What Is an Annuity? .....</b>	<b>1</b>
When Annuities Start to Make Income Payments .....	1
How Deferred Annuities Are Alike .....	1
How Deferred Annuities Are Different .....	2
<b>How Does the Value of a Deferred Annuity Change? .....</b>	<b>3</b>
Fixed Annuities .....	3
Fixed Indexed Annuities .....	3
Variable Annuities .....	4
<b>What Other Information Should You Consider? .....</b>	<b>4</b>
Fees, Charges, and Adjustments .....	4
How Annuities Make Payments .....	5
How Annuities Are Taxed .....	6
Finding an Annuity That Is Right for You .....	6
Questions You Should Ask .....	7
When You Receive Your Annuity Contract .....	7

## What Is an Annuity?

An annuity is a contract with an insurance company. All annuities have one feature in common, and it makes annuities different from other financial products. *With an annuity, the insurance company promises to pay you income on a regular basis for a period of time you choose—including the rest of your life.*

### When Annuities Start to Make Income Payments

Some annuities begin paying income to you soon after you buy it (an **immediate** annuity). Others begin at some later date you choose (a **deferred** annuity).

### How Deferred Annuities Are Alike

There are ways that *most* deferred annuities are alike.

- They have an **accumulation** period and a **payout** period. During the accumulation period, the value of your annuity changes based on the type of annuity. During the payout period, the annuity makes income payments to you.
- They offer a basic death benefit. If you die during the accumulation period, a deferred annuity with a basic death benefit pays some or all of the annuity's value to your survivors (called beneficiaries) either in one payment or multiple payments over time. The amount is usually the greater of the annuity account value or the minimum guaranteed surrender value. If you die after you begin to receive income payments (**annuitize**), your chosen survivors may not receive anything *unless*: 1) your annuity guarantees to pay out at least as much as you paid into the annuity, or 2) you chose a payout option that continues to make payments after your death. For an extra cost, you may be able to choose enhanced death benefits that increase the value of the basic death benefit.

#### Sources of Information

**Contract:** The legal document between you and the insurance company that binds both of you to the terms of the agreement.

**Disclosure:** A document that describes the key features of your annuity, including what is guaranteed and what is not, and your annuity's fees and charges. If you buy a variable annuity, you will receive a prospectus that includes detailed information about investment objectives, risks, charges, and expenses.

**Illustration:** A personalized document that shows how your annuity features might work. Ask what is guaranteed and what is not and what assumptions were made to create the illustration.

- You usually have to pay a charge (called a **surrender** or **withdrawal charge**) if you take some or all of your money out too early (usually before a set time period ends). Some annuities may not charge if you withdraw small amounts (for example, 10% or less of the account value) each year.
- Any money your annuity earns is **tax deferred**. That means you will not pay income tax on earnings until you take them out of the annuity.
- You can add features (called **riders**) to many annuities, usually at an extra cost.
- An annuity salesperson must be licensed by your state insurance department. A person selling a variable annuity also must be registered with FINRA<sup>1</sup> as a representative of a broker/dealer that is a FINRA member. In some states, the state securities department also must license a person selling a variable annuity.

1. FINRA (Financial Industry Regulatory Authority) regulates the companies and salespeople who sell variable annuities.

- Insurance companies sell annuities. You want to buy from an insurance company that is financially sound. There are various ways you can research an insurance company's financial strength. You can visit the insurance company's website or ask your annuity salesperson for more information. You also can review an insurance company's rating from an independent rating agency. Four main firms currently rate insurance companies. They are A.M. Best Company, Standard and Poor's Corporation, Moody's Investors Service, and Fitch Ratings. Your insurance department may have more information about insurance companies. An easy way to find contact information for your insurance department is to visit [www.naic.org](http://www.naic.org) and click on "States and Jurisdictions Map."
- Insurance companies usually pay the annuity salesperson after the sale, but the payment does not reduce the amount you pay into the annuity. You can ask your salesperson how they earn money from the sale.

## How Deferred Annuities Are Different

There are differences among deferred annuities. Some of the differences are:

- Whether you pay for the annuity with one or more than one payment (called a **premium**).
- The types and amounts of the **fees, charges, and adjustments**. While almost all annuities have *some* fees and charges that could reduce your account value, the types and amounts can be different among annuities. *Read the Fees, Charges, and Adjustments section in this Buyer's Guide for more information.*
- Whether the annuity is a **fixed** annuity or a **variable** annuity. How the value of an annuity changes is different depending on whether the annuity is fixed or variable.

**Fixed annuities** guarantee your money will earn at least a minimum interest rate. Fixed annuities may earn interest at a rate higher than the minimum but only the minimum rate is guaranteed. The insurance company sets the rates.

**Fixed indexed annuities** are a type of fixed annuity that earns interest based on changes in a market index, which measures how the market or part of the market performs. The interest rate is guaranteed to never be less than zero, even if the market goes down.

**Variable annuities** earn investment returns based on the performance of the investment portfolios, known as "subaccounts," where you choose to put your money. The return earned in a variable annuity is not guaranteed. The value of the subaccounts you choose could go up or down. If they go up, you could make money. But, if the value of these subaccounts goes down, you could lose money. Also, income payments to you could be less than you expected.

- Some annuities offer a **premium bonus**, which usually is a lump sum amount the insurance company adds to your annuity when you buy it or when you add money. It is usually a set percentage of the amount you put into the annuity. Other annuities offer an **interest bonus**, which is an amount the insurance company adds to your annuity when you earn interest. It is usually a set percentage of the interest earned. You may not be able to withdraw some or all of your premium bonus for a set period of time. *Also, you could lose the bonus if you take some or all of the money out of your annuity within a set period of time.*

What Is an Annuity?



## How Does the Value of a Deferred Annuity Change?

### Fixed Annuities

Money in a fixed deferred annuity earns interest at a rate the insurer sets. The rate is **fixed** (will not change) for some period, usually a year. After that rate period ends, the insurance company will set another fixed interest rate for the next rate period. *That rate could be higher or lower than the earlier rate.*

Fixed deferred annuities *do* have a guaranteed minimum interest rate—the lowest rate the annuity can earn. It is stated in your contract and disclosure and cannot change as long as you own the annuity. Ask about:

- The *initial interest* rate – What is the rate? How long until it will change?
- The *renewal interest* rate – When will it be announced? How will the insurance company tell you what the new rate will be?

#### Fixed Deferred Indexed Formulas

**Annual Point-to-Point** – Change in index calculated using two dates one year apart.

**Multi-Year Point-to-Point** – Change in index calculated using two dates more than one year apart.

**Monthly or Daily Averaging** – Change in index calculated using multiple dates (one day of every month for monthly averaging, every day the market is open for daily averaging). The average of these values is compared with the index value at the start of the index term.

**Monthly Point-to-Point** – Change in index calculated for each month during the index term. Each monthly change is limited to the “cap rate” for positive changes, but not when the change is negative. At the end of the index term, all monthly changes (positive and negative) are added. If the result is positive, interest is added to the annuity. If the result is negative or zero, no interest (0%) is added.

### Fixed Indexed Annuities

Money in a fixed indexed annuity earns interest based on changes in an index. Some indexes are measures of how the overall financial markets perform (such as the S&P 500 Index or Dow Jones Industrial Average) during a set period of time (called the **index term**). Others measure how a specific financial market performs (such as the Nasdaq) during the term. The insurance company uses a formula to determine how a change in the index affects the amount of interest to add to your annuity at the *end of each index term*. Once interest is added to your annuity for an index term, those earnings usually are locked in and changes in the index in the next index term do not affect them. If you take money from an indexed annuity before an index term ends, *the annuity may not add all of the index-linked interest for that term to your account.*

Insurance companies use different formulas to calculate the interest to add to your annuity. They look at changes in the index over a period of time. See the box “*Fixed Deferred Indexed Formulas*” that describes how changes in an index are used to calculate interest.

The formulas insurance companies use often mean that interest added to your annuity is based on only *part* of a change in an index over a set period of time. **Participation rates**, **cap rates**, and **spread rates** (sometimes called margin or asset fees) all are terms that describe ways the amount of interest added to your annuity may not reflect the full change in the index. But *if the index goes down over that period, zero interest is added to your annuity.* Then your annuity value will not go down as long as you do not withdraw the money.

When you buy an indexed annuity, you are not investing directly in the market or the index. Some indexed annuities offer you more than one index choice. Many indexed annuities also offer the choice to put part of your money in a fixed interest rate account, with a rate that will not change for a set period.



## Variable Annuities

Money in a variable annuity earns a return based on the performance of the investment portfolios, known as “**subaccounts**,” where you choose to put your money. Your investment choices likely will include subaccounts with different types and levels of risk. Your choices will affect the return you earn on your annuity. Subaccounts usually have no guaranteed return, but you may have a choice to put some money in a fixed interest rate account, with a rate that will not change for a set period.

The value of your annuity can change every day as the subaccounts' values change. If the subaccounts' values increase, your annuity earns money. But *there is no guarantee that the values of the subaccounts will increase. If the subaccounts' values go down, you may end up with less money in your annuity than you paid into it.*

An insurer may offer several versions of a variable deferred annuity product. The different versions usually are identified as **share classes**. The key differences between the versions are the fees you will pay every year you own the annuity. The rules that apply if you take money out of the annuity also may be different. Read the prospectus carefully. Ask the annuity salesperson to explain the differences among the versions.

### How Insurers Determine Indexed Interest

**Participation Rate** – Determines how much of the increase in the index is used to calculate index-linked interest. A participation rate usually is for a set period. The period can be from one year to the entire term. Some companies guarantee the rate can never be lower (higher) than a set minimum (maximum). Participation rates are often less than 100%, particularly when there is no cap rate.

**Cap Rate** – Typically, the maximum rate of interest the annuity will earn during the index term. Some annuities guarantee that the cap rate will never be lower (higher) than a set minimum (maximum). Companies often use a cap rate, especially if the participation rate is 100%.

**Spread Rate** – A set percentage the insurer subtracts from any change in the index. Also called a “margin or asset fee.” Companies may use this instead of or in addition to a participation or cap rate.

## What Other Information Should You Consider?

### Fees, Charges, and Adjustments

Fees and charges reduce the value of your annuity. They help cover the insurer's costs to sell and manage the annuity and pay benefits. The insurer may subtract these costs directly from your annuity's value. Most annuities have fees and charges but they can be different for different annuities. Read the contract and disclosure or prospectus carefully and ask the annuity salesperson to describe these costs.

A **surrender** or **withdrawal charge** is a charge if you take part or all of the money out of your annuity during a set period of time. The charge is a percentage of the amount you take out of the annuity. The percentage usually goes down each year until the surrender charge period ends. Look at the contract and the disclosure or prospectus for details about the charge. Also look for any waivers for events (such as a death) or the right to take out a small amount (usually up to 10%) each year without paying the charge. If you take all of your money out of an annuity, you have surrendered it and no longer have any right to future income payments.

Some annuities have a **Market Value Adjustment (MVA)**. An MVA could increase or decrease your annuity's account value, cash surrender value, and/or death benefit value if you withdraw money from your account. In general, if interest rates are *lower* when you

withdraw money than they were when you bought the annuity, the MVA could *increase* the amount you could take from your annuity. If interest rates are *higher* than when you bought the annuity, the MVA could *reduce* the amount you could take from your annuity. Every MVA calculation is different. Check your contract and disclosure or prospectus for details.

## How Annuities Make Payments

### Annuitize

At some future time, you can choose to **annuitize** your annuity and start to receive guaranteed fixed income payments for life or a period of time you choose. After payments begin, you cannot take any other money out of the annuity. You also usually cannot change the amount of your payments. For more information, see “*Payout Options*” in this Buyer's Guide. If you die before the payment period ends, your survivors may not receive any payments, depending on the payout option you choose.

### Full Withdrawal

You can withdraw the cash surrender value of the annuity in a lump sum payment and end your annuity. *You will likely pay a charge to do this if it is during the surrender charge period.* If you withdraw your annuity's cash surrender value, your annuity is cancelled. Once that happens, you cannot start or continue to receive regular income payments from the annuity.

### Partial Withdrawal

You may be able to withdraw *some* of the money from the annuity's cash surrender value without ending the annuity. Most annuities with surrender charges let you take out a certain amount (usually up to 10%) each year without paying surrender charges on that amount. Check your contract and disclosure or prospectus. Ask your annuity salesperson about other ways you can take money from the annuity without paying charges.

### Living Benefits for Fixed Annuities

Some fixed annuities, especially fixed indexed annuities, offer a **guaranteed living benefits** rider, usually at an extra cost. A common type is called a guaranteed lifetime withdrawal benefit that guarantees to make income payments you cannot outlive. While you get payments, the money still in your annuity continues to earn interest. You can choose to stop and restart the payments or you might be able to take extra money from your annuity. Even if the payments reduce the annuity's value to zero at some point, you will continue to get payments for the rest of your life. If you die while receiving payments, your survivors may get some or all of the money left in your annuity.

### Annuity Fees and Charges

**Contract fee** – A flat dollar amount or percentage charged once or annually.

**Percentage of purchase payment** – A front-end sales load or other charge deducted from each premium paid. The percentage may vary over time.

**Premium tax** – A tax some states charge on annuities. The insurer may subtract the amount of the tax when you pay your premium, when you withdraw your contract value, when you start to receive income payments, or when it pays a death benefit to your beneficiary.

**Transaction fee** – A charge for certain transactions, such as transfers or withdrawals.

\*\*\*

**Mortality and expense (M&E) risk charge** – A fee charged on **variable annuities**. It is a percentage of the account value invested in subaccounts.

**Underlying fund charges** – Fees and charges on a **variable annuity's** subaccounts; may include an investment management fee, distribution and service (12b-1) fees, and other fees.

## Living Benefits for Variable Annuities

Variable annuities may offer a benefit at an extra cost that guarantees you a minimum account value, a minimum lifetime income, or minimum withdrawal amounts regardless of how your subaccounts perform. See “*Variable Annuity Living Benefit Options*” at right. Check your contract and disclosure or prospectus or ask your annuity salesperson about these options.

## How Annuities Are Taxed

Ask a tax professional about your individual situation. The information below is general and should not be considered tax advice.

Current federal law gives annuities special tax treatment. Income tax on annuities is deferred. That means you are not taxed on any interest or investment returns while your money is in the annuity. This is not the same as tax-free. You will pay ordinary income tax when you take a withdrawal, receive an income stream, or receive each annuity payment. When you die, your survivors will typically owe income taxes on any death benefit they receive from an annuity.

There are other ways to save that offer tax advantages, including Individual Retirement Accounts (IRAs). You can buy an annuity to fund an IRA, *but you also can fund your IRA other ways and get the same tax advantages.* When you take a withdrawal or receive payments, you will pay ordinary income tax on all of the money you receive (not just the interest or the investment return). You also may have to pay a 10% tax penalty if you withdraw money before you are age 59½.

## Finding an Annuity That Is Right for You

An annuity salesperson who suggests an annuity must choose one that they think is right for you, based on information from you. They need complete information about your life and financial situation to make a suitable recommendation. Expect a salesperson to ask about your age; your financial situation (assets, debts, income, tax status, how you plan to pay for the annuity); your tolerance for risk; your financial objectives and experience; your family circumstances; and how you plan to use the annuity. If you are not comfortable with the annuity, ask your annuity salesperson to explain why they recommended it. Do not buy an annuity you do not understand or that does not seem right for you.

### Variable Annuity Living Benefit Options

**Guaranteed Minimum Accumulation Benefit (GMAB)** – Guarantees your account value will equal some percentage (typically 100%) of premiums less withdrawals, at a set future date (for example, at maturity). If your annuity is worth less than the guaranteed amount at that date, your insurance company will add the difference.

**Guaranteed Minimum Income Benefit (GMIB)** – Guarantees a minimum lifetime income. You usually must choose this benefit when you buy the annuity and must annuitize to use the benefit. There may be a waiting period before you can annuitize using this benefit.

**Guaranteed Lifetime Withdrawal Benefit (GLWB)** – Guarantees you can make withdrawals for the rest of your life, up to a set maximum percentage each year.

### Payout Options

You will have a choice about how to receive income payments. These choices usually include:

- For your lifetime
- For the longer of your lifetime or your spouse's lifetime
- For a set time period
- For the longer of your lifetime or a set time period

Within each annuity, the insurer *may* guarantee some values but not others. Some guarantees may be only for a year or less while others could be longer. Ask about risks and decide if you can accept them. For example, it is possible you will not get all of your money back *or* the return on your annuity may be lower than you expected. It is also possible you will not be able to withdraw money you need from your annuity without paying fees *or* the annuity payments may not be as much as you need to reach your goals. These risks vary with the type of annuity you buy. All product guarantees depend on the insurance company's financial strength and claims-paying ability.

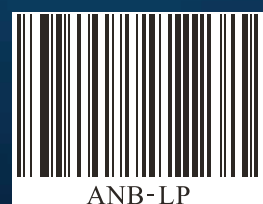
## Questions You Should Ask

- Do I understand the risks of an annuity? Am I comfortable with them?
- How will this annuity help me meet my overall financial objectives and time horizon?
- Will I use the annuity for a long-term goal such as retirement? If so, how could I achieve that goal if the income from the annuity is not as much as I expected it to be?
- What features and benefits in the annuity, other than tax deferral, make it appropriate for me?
- Does my annuity offer a guaranteed minimum interest rate? If so, what is it?
- If the annuity includes riders, do I understand how they work?
- Am I taking full advantage of all of my other tax-deferred opportunities, such as 401(k)s, 403(b)s, and IRAs?
- Do I understand all of the annuity's fees, charges, and adjustments?
- Is there a limit on how much I can take out of my annuity each year without paying a surrender charge? Is there a limit on the *total* amount I can withdraw during the surrender charge period?
- Do I intend to keep my money in the annuity long enough to avoid paying any surrender charges?
- Have I consulted a tax advisor and/or considered how buying an annuity will affect my tax liability?
- How do I make sure my chosen survivors (beneficiaries) will receive any payment from my annuity if I die?

*If you do not know the answers or have other questions, ask your annuity salesperson for help.*

## When You Receive Your Annuity Contract

When you receive your annuity contract, carefully review it. Be sure it matches your understanding. Also, read the disclosure or prospectus and other materials from the insurance company. Ask your annuity salesperson to explain anything you do not understand. In many states, a law gives you a set number of days (usually 10 to 30 days) to change your mind about buying an annuity after you receive it. This often is called a **free look** or **right to return** period. Your contract and disclosure or prospectus should prominently state your free look period. If you decide during that time that you do not want the annuity, you can contact the insurance company and return the contract. Depending on the state, you will either get back all of your money or your current account value.



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