



Aligning Your Client's Non-Qualified Annuity

Make sure your clients' non-qualified annuities are aligned with their intentions.

The Pension Protection Act (PPA) allows for income-tax-free withdrawals from specially designed non-qualified annuities to fund long-term care expenses, regardless of cost basis. By exchanging a current annuity for an annuity that qualifies for the PPA advantages, your clients will be matched with a vehicle that can meet their needs while providing a tax advantage. Of course, before any annuity exchange is made, all factors should be weighed to verify the client's best interest.

Annuity Care II[®] leverages the accumulated value of at least 2.5 times tax-free benefits for LTC!

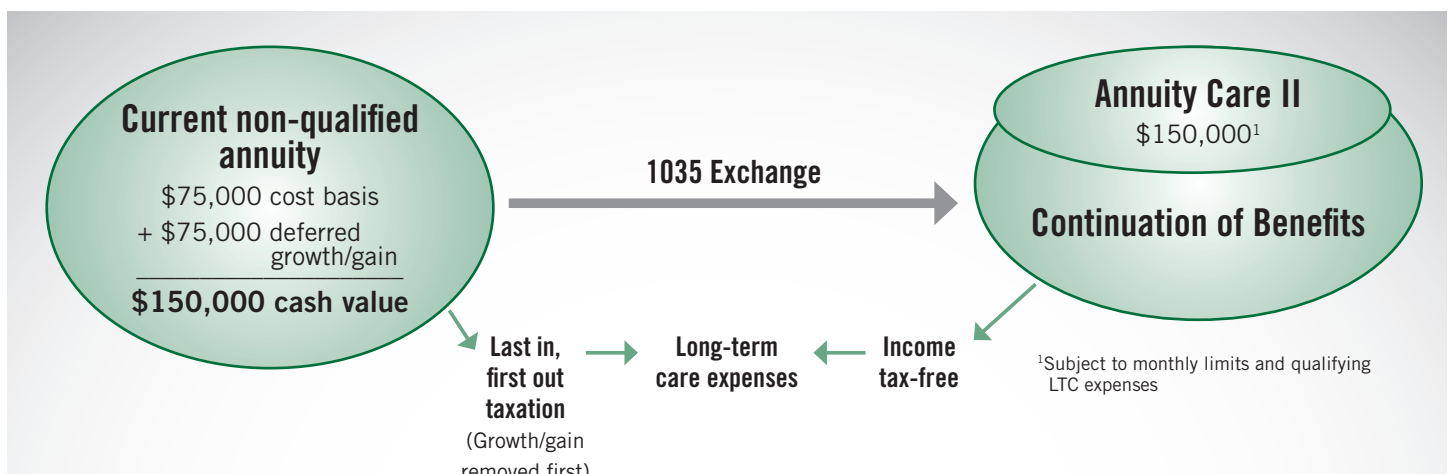
Age	Single Premium (Includes COB* Rider)	Initial Total LTC Benefits	Age	Total LTC Benefit	Monthly LTC Benefit	Internal Rate of Return**
45	\$100,000	\$250,000	80	\$484,217	\$8,070	4.61%
55	\$100,000	\$250,000	80	\$386,342	\$6,439	5.56%
65	\$100,000	\$250,000	80	\$310,716	\$5,182	7.86%
75	\$100,000	\$250,000	80	\$259,583	\$4,326	21.02%

*Continuation of Benefits

**After tax

Annuities are long-term investments designed for retirement planning. They are a contract between your client and an insurance company, under which the insurer agrees to make periodic payments to your client. There may be a surrender charge imposed during the first several years the client owns the fixed annuity contract. Withdrawals prior to age 59 1/2 may result in a 10 percent federal tax penalty, in addition to any ordinary income tax. The guarantee of the annuity is backed by the claims-paying ability of the issuing insurance company. Although it is possible to have guaranteed income for life with a fixed annuity, there is no assurance that this income will keep up with inflation. Optional riders may increase the internal cost of the product.

What It Looks Like



Issue ages (Single life or joint life spouses only)	Minimum: 40 Maximum: 80 (Age last birthday)
LTCAV withdrawal period	<ul style="list-style-type: none"> • 24 months — Single Annuitant • 30 months — Joint Annuitant or Single Annuitant with Eligible Person
Continuation of benefits options (Availability based upon the age of the oldest applicant)	<ul style="list-style-type: none"> • 3 years (ages 40 to 80) • 6 years (ages 40 to 75) • 9 years (ages 40 to 70)
Single premium (Nonqualified premium only)	Minimum: \$10,000 (May vary by state) Maximum: \$300,000 (if inflation protection selected) \$500,000 (if inflation protection not selected)
Surrender charges (Nine years)	1 = 9% 2 = 8% 3 = 7% 4 = 6% 5 = 5% 6 = 4% 7 = 3% 8 = 2% 9 = 1% 10+ = 0%
Partial surrender	<ul style="list-style-type: none"> • After the first contract year, the owner may withdraw up to 10 percent of the accumulated cash value (as of the beginning of the contract year) without a surrender charge. • Full surrenders within 12 months of a partial surrender will result in a recapture of the waived surrender charges • No surrender charge will be assessed on any qualified LTC benefit withdrawal.
Tax advantages¹	<p>Annuity Care II provides an effective way to protect your savings from the potential expenses associated with end of life care. And, it also does so in very tax-efficient ways!</p> <ul style="list-style-type: none"> • Long-term care benefit payments from the LTCAV are income tax-free as a reduction of basis • Long-term care benefit payments from the COB balance are income tax-free • The monthly charge to pay for the COB balance is income tax-free as a reduction of basis in the LTCAV
Death of owner/annuitant (Single policy)	Surrender charges will be waived upon the death of the owner or annuitant (if different).
Types of care covered	<p>Long-term care withdrawals under Annuity Care II may be taken for qualifying care of the following types:</p> <ul style="list-style-type: none"> • Nursing home facility • Assisted living facility • Home health care • Adult day care • Hospice care • Respite care • Bed reservation <p>Producers must provide applicants with the Outline of Coverage that provides detailed information on coverage, policy exclusions and limitations.</p>
LTC withdrawals	<p>Annuity Care II provides long-term care coverage when an annuitant or eligible person qualifies in one of two ways:</p> <ul style="list-style-type: none"> • Inability to perform two of six activities of daily living (bathing, continence, dressing, eating, toileting and transferring); or • Cognitive impairment (for example, Alzheimer's disease)
LTC elimination period	Clients have a 90-day elimination period before they can withdraw funds for LTC expenses.
LTC withdrawal methods	<ul style="list-style-type: none"> • Reimbursement — the payment amount will be based upon the amount of actual expenses incurred for qualified LTC expenses up to the Monthly Benefit Limit.
Interest rates	A minimum interest rate will be credited to both the LTCAV and the AV. Please contact your State Life representative for current and guaranteed interest rates in your state(s). The interest rate for the LTCAV is guaranteed for five years from the contract effective date.

¹ After January 1, 2010.

Note: Form # SA35 may not be available in all states and may vary by state.