



Multi-Year Guaranteed Annuity Agent Guide

Obtain the most current application forms from the Agent Website and refer to the “Agent Checklist”. Check for current states availability. All owners, annuitant, and beneficiaries must be United States citizens.

Owner(s)

Non-Qualified (i.e.: non-IRA) funds may be in the name of an individual person or a personal living trust (not an UTMA/UGMA or entity/association). A living trust can just use the ASL Certification of Trust Form without a copy of the living trust being required. All correspondence will be sent to the Owner’s name and address.

Qualified funds (i.e.: IRA) must have the Owner be an individual person who owns the qualified account. Joint Owners are not allowed for Qualified annuities.

Spousal Continuation may be available only if the Spouse is the sole primary beneficiary (not the living trust).

Annuitant

The Annuitant must be a living person and cannot be a living trust or entity. No Joint Annuitants are allowed. If the annuity is a Qualified account (i.e.: IRA), then the Owner and the Annuitant must be the same person.

Beneficiary

If Joint Owners (Non-Qualified accounts only), then both Owners will be the Primary Beneficiaries unless indicated otherwise by checking the specified box and naming the Beneficiaries.

If the Beneficiary is a living trust or non-profit organization, then documentation acceptable to American Savings Life would be required (i.e.: TIN/EIN tax identification number) with the application. A living trust can just use the Certification of Trust Form without the Living Trust copy being additionally required.

Replacement

The Replacement Form would be required if the applied for annuity contract will replace an existing life insurance policy or annuity contract. Refer to the application’s replacement questions for more guidance. Refer to your state’s insurance law if the replacement form is always required whether replacing or not.

IRC 1035 Exchanges and IRA Transfers

Complete the IRC 1035 Exchange form if funds are being transferred from a non-qualified annuity, life insurance policy, mutual fund, bank CD, or other non-qualified (i.e.: non-IRA) funds.

The IRS states (Revenue Procedure 2011-38) that a partial 1035 exchange will be treated as tax-free unless deferred annuity withdrawals are taken within 180 days of the transfer or a SPIA payment option other than a life or certain option with a minimum of 10 years is selected.

Interest Rate Lock

Typically, ASL will credit the higher of the interest rate as of the date of the signed application or that of the annuity contract issue date as follows:

Transfer funds will typically need to be received within 60 days in order to receive this higher interest rate policy (i.e.: other company’s outgoing IRC 1035 Exchange or IRA Transfer).

If the transfer form is for a future date (i.e.: transfer not until the other company’s annuity surrender charge anniversary date, or upon a bank CD maturity), that date typically should not be more than 14 days from the date on the annuity application. In other words, applications should not be submitted with a transfer form that is for a transfer date that will take place for over 14 days in the future. No postdated checks.



Tax Treatment

When making full or partial surrenders of an annuity, it may be subject to federal income tax on the amount withdrawn. Federal law requires that non-qualified surrenders be taken first from interest earnings. In addition, there may be a 10% federal penalty tax (for both qualified or non-qualified accounts) if making withdrawals or a surrender of an annuity before the owner's age 59 ½, unless a statutory exemption applies.

The IRS states in Revenue Procedure 2011-38 that a partial 1035 exchange will be treated as tax-free unless deferred annuity withdrawals are taken within 180 days of the transfer or a SPIA payment option other than a life or certain option with a minimum of 10 years is selected.

Be aware of the IRS Anti-Abuse Rules (Aggregation of Non-Qualified Annuities) Internal Revenue Code Section 72(e) (12) (A) (ii). The Code states that all non-qualified deferred annuity contracts issued by the same insurance company in the same calendar year are treated as a single annuity contract for tax purposes. Because of this, annuity aggregation can result in unexpected tax liability for the contract owner (i.e.: withdrawals or surrenders).

Distributions may also be subject to state income tax. Neither the company nor its agents or representatives give legal, tax, or accounting advice. Please have the applicant consult an attorney or independent tax advisor as to the applicability of this information to their individual situation.

Market Value Adjustment (MVA)

An MVA may apply to the surrender amount additionally during any surrender charge period:

- (a) if interest rates rise after the contract effective date the market value adjustment will generally decrease the surrender value; and
- (b) if interest rates fall after the contract effective date, the market value adjustment will generally increase the surrender value.

Penalty Free Withdrawal Features

- Any applicable penalty-free withdrawal rider that is offered, chosen, and provided.
- Required Minimum Distribution (RMD) amount required with Traditional IRAs.
- Annuitization, provided the Annuity Payment Option selected has life contingencies or a period certain of ten years or more.

Interest Crediting

All interest rates are expressed as annual effective rates. Interest is credited daily and compounded annually. Subsequent interest rates may be higher or lower than the initial Guaranteed Interest Term rate but will never be less than the lifetime Guaranteed Interest Rate.

End of a Guaranteed Interest Term

We will send the Owner a Renewal Notice during the 30-day period prior to the expiration of the Guaranteed Interest Term (Renewal Window). The Owner may choose to either continue this contract for another Guaranteed Interest Term with Surrender Charges at the then offered new money interest rates, or continue without a surrender charge at the rate then offered for American Savings Life in-force annuity contracts.

During the Renewal Window, the Owner may withdraw some of all of the Account Value with no surrender charge under either one of the above options.