



## **Multi-Year Guaranteed Annuity Agent Guide**

Obtain the most current application forms from the Agent Website and refer to the “Agent Checklist”.

### **Owner(s)**

Non-Qualified funds may be in the name of an individual person or a Living Personal Trust (not a UTMA/UGMA). A Living Trust can just use the ASL Certification of Trust Form without a copy of the Living Trust required. All annuity 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 listed as the sole primary beneficiary (not a Trust).

### **Annuitant**

The Annuitant must be a living person and cannot be a Trust or other 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 Trust or Non-Profit Organization, then those required documents acceptable to American Savings Life would be required (i.e.: 501(c)(3) Articles of Incorporation, Bylaws) 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 and the Replacement Form 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.

Funds should be sent directly to American Savings Life from the transferring company. The customer should consult their tax advisor or legal counsel regarding their individual situation. ASL does not provide advice.

### **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 and 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 that will take place for over 14 days in the future.



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## **Tax Treatment**

When you make full or partial surrenders of your annuity, you may be subject to federal income tax on the amount withdrawn.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

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.

Be aware of the IRS Anti-Abuse Rules IRC Title 26, § 72 (12)(i). All deferred annuities issued by the same company to the same policyholder during any calendar year shall be treated as one annuity as it pertains to taxable consequences (i.e.: withdrawals or surrenders).

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

This American Savings Life Multi-Year Guaranteed Annuity (MYGA) is not available in all states.

## **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**

Pays simple interest as stated as an annual rate and this interest is credited to the contract value daily. Subsequent interest rates may be higher or lower than the Initial Guaranteed Interest Rate but will never be less than the Guaranteed Interest Rate.

## **End of a Guaranteed Interest Term**

We will send the Owner a Renewal Notice during the 30-day period following the expiration of the Guaranteed Interest Term (Renewal Window), the Owner may elect to continue this contract for another Guaranteed Interest Term or for a one-year interest rate guarantee period at the rates currently in effect.

During the Renewal Window, the Owner may withdraw some or all of the Account Value with no Surrender Charge. If this contract is continued without locking in an interest rate guarantee period, Surrender Charges will no longer apply, and the policy anniversary interest rate guarantee period will automatically renew each policy year at the rate currently in effect.