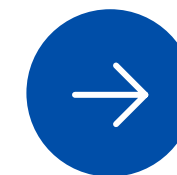




Your Guide to Annuities

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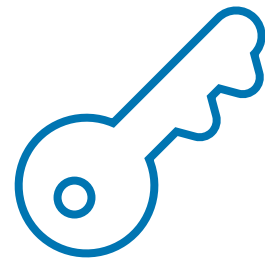
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An annuity offers you a secure way to save for the future and make sure your money lasts.



The key feature of an annuity:
the option to receive guaranteed income for the rest of your life.

Explore all the features to see if an annuity can help meet your needs. Contact a financial professional to decide how an annuity fits into your financial plans.

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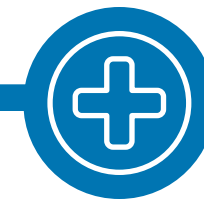
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An annuity is an insurance contract. You make a payment called a premium to an insurance company for a deferred or an immediate annuity.

A deferred annuity lets you build savings now and enjoy payments later. An immediate annuity, as you might expect, guarantees payments that start right away.

Whenever you start receiving payments, you can choose periodic payments for a lifetime or for a certain period of time.

If you choose to receive payments later, the payments start after annuitization. This is when your annuity changes from growing savings to generating a guaranteed income stream.



Annuitization is exactly why many people buy an annuity – to ensure guaranteed income.

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Annuitant

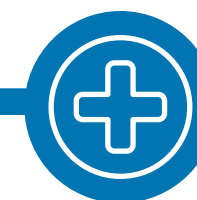
This is the person whose life determines the annuity payments.

Annuity Owner

This is the person or legal entity that owns the policy. The owner has the authority to carry out certain actions, such as withdrawal requests or beneficiary changes. The owner may be the annuitant, but some owners choose someone else as the annuitant.

Beneficiary

This is the person or entity that will receive death benefits.



Qualified or Non-Qualified?

The tax status of your annuity can be either.

Roth IRAs are **qualified** annuities funded with after-tax dollars and grow tax-deferred. When making a qualified withdrawal or surrender of the policy, none of the money is taxable.

Traditional IRAs and other **qualified** annuities are funded with pre-tax dollars and grow tax-deferred. When making a withdrawal or surrendering a policy, all the money is taxable.

Non-qualified annuities are funded with after-tax dollars and grow tax-deferred. When making a withdrawal or surrendering a policy, only the interest is taxable.

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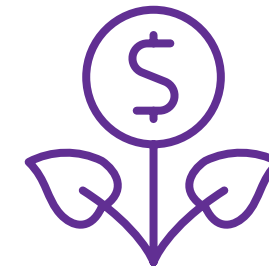
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Description >

A deferred annuity gives you a way to build savings now and enjoy payments in the future — as a guaranteed payment stream or as one or more lump-sum payments.

There are many types of deferred annuities, but they all have one thing in common: The taxes on your gains are delayed until you withdraw funds from the account. This is called tax-deferred growth.

Triple compounding makes tax-deferred annuities attractive to many savers. This means the annuity earns interest on:



- Your initial premium payment, or the principal
- The interest itself
- The tax savings, which is the amount you would have paid as income taxes

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Think of annuities as long-term retirement savings tools. Their tax advantages are greatest when they're allowed to grow over time.

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To encourage an annuity to grow long-term, policyowners may face surrender charges for early withdrawals. These charges are set as a percentage of the annuity's value, and they generally decrease through the life of the annuity.

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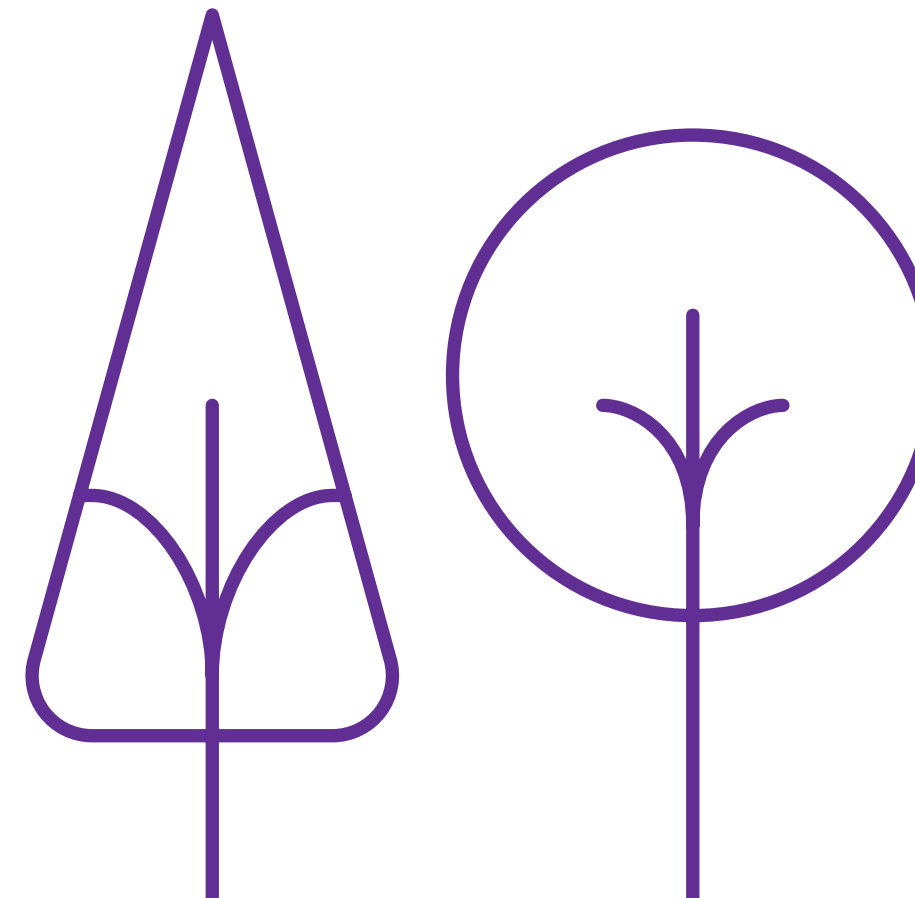
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You may face other charges for early withdrawals. These include market value adjustments and IRS taxes or penalties.

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There are three types of deferred annuities — fixed, indexed and variable — with different interest rates.

Fixed Annuity

A fixed annuity guarantees to pay you a specific set interest rate based on the current rate environment. The rate is usually guaranteed for one year or more, and later renewal rates are guaranteed to stay above a specific minimum rate. Most financial professionals think a fixed annuity carries lower risk than other kinds of investments.

Indexed Annuity

An indexed annuity is a type of fixed annuity. It guarantees to pay you a specific interest rate. That rate is based on the performance of an investment-based index, such as the S&P 500®. Tying the interest rate to an index lets your funds experience general market gains. At the same time, your funds are protected from downturns.

Variable Annuity

A variable annuity offers you earnings and income payments that fluctuate with the performance of specific investment funds. While variable annuities have the potential to provide high returns, they come with investment risk and possible loss of principal. You can only purchase this kind of annuity from a financial professional who's licensed to sell securities, such as stocks, bonds and mutual funds.

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Let's look at some of the rates you may encounter and how your account may earn interest.

Fixed-Interest Rate

You earn a predetermined interest rate for the rate period. Your account earns interest on a regular basis.

Index Rate Cap

You earn interest based on the growth of the index each term, up to the rate cap. For example, if the rate cap is 4% and the index rises 2% over the term, the annuity is credited 2%. If the index rises 10%, the annuity is credited 4%.

How the rate cap works			
Positive or negative performance	Index performance	Rate cap	Interest credited
Positive performance	10%	4%	4%
Positive performance	2%	4%	2%
Negative performance	-5%	4%	0%

Index Participation Rate

You earn interest based on a percentage of the growth of the index each term. That percentage is the participation rate. For example, if the participation rate is 50% and the index rises 7% over the term, the annuity is credited 3.5%. If the index rises 10%, the annuity is credited 5%. If the index decreases, you will not experience any losses.

How the participation rate works			
Positive or negative performance	Index performance	Participation rate	Interest credited
Positive performance	10%	50%	5%
Positive performance	7%	50%	3.5%
Negative performance	-5%	50%	0%

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Minimum Guarantee Rates

Every annuity includes certain minimum guarantee rates. This means the crediting rate will never fall below this minimum rate. The rate is set at the time of purchase and is applied to the life of the policy.

Bailout Rates

If your policy has a bailout rate, you can withdraw funds without a surrender charge if your crediting rate falls below the bailout rate.

Renewal Rate

After your initial term ends, you are offered a renewal rate. The new rate is based on the current economic environment.

Subsequent Rate Periods

Some annuities offer automatic renewals for the same initial rate period. For example, if you chose a three-year product, your subsequent guarantee period will be three years.

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Do you automatically face a penalty if you withdraw funds? The answer is “no.”

You can withdraw funds from an annuity at any time, though the withdrawal may be subject to a surrender charge. The payments will generally be taxable in the year you receive them. Early withdrawals — generally those before age 59½ — may be subject to an IRS early-withdrawal penalty.

Here are some of the ways you can withdraw money from your account without penalties as you’re accumulating savings:

Annual Withdrawal at a Set Percentage

Some policies allow annual withdrawals from your annuity at a set percentage. For example, with some policies you can withdraw up to 10% of the annuity fund value each year without a surrender charge.

Interest-Only Withdrawals

In some cases, you can withdraw the interest your annuity has earned without a surrender charge.

Waivers

Some companies may waive surrender charges if you withdraw funds for certain medical reasons, such as a terminal illness or nursing home residency.

Required Minimum Distributions

Another way to withdraw money from your account without penalty is to take your IRS-required minimum distributions. You may still make withdrawals in addition to your RMD.

Substantially Equal Periodic Payments

If the SEPP exception is available, the owner may withdraw a substantially equal amount from an IRA each year for five years or until the person reaches age 59½. The amount that must be withdrawn is based on the person’s life expectancy.

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What happens if an annuity owner passes away? Many annuities offer death-benefit payment options. These provide income for the spouse or other beneficiary if an annuity owner passes away.

Here are some ways beneficiaries can receive benefits. Other options are available. Talk to a tax professional before you decide how to receive your proceeds.

Assume Ownership

A spouse may be able to take over ownership of an annuity. The funds will continue to grow tax-deferred. All terms of the original contract will still apply.

Take a Lump-Sum Payment

Beneficiaries can receive benefits in a lump-sum payment, which is a one-time payment for the full value of the annuity. The payment may be fully taxable.

Buy a New Annuity

With this option, you'll take a lump-sum cash payment from the original annuity, which may be taxable. You can then reinvest the funds into a new annuity policy.

Choose an Income Option

You'll receive the benefits as a stream of periodic annuity payments. Choose payments over a set number of years or choose to receive payments for life. The earnings may be taxable as they are paid to you.

Leave Funds to Earn Interest

The funds would earn interest until you decide what to do with the proceeds.

Transfer Your Funds to Another Carrier

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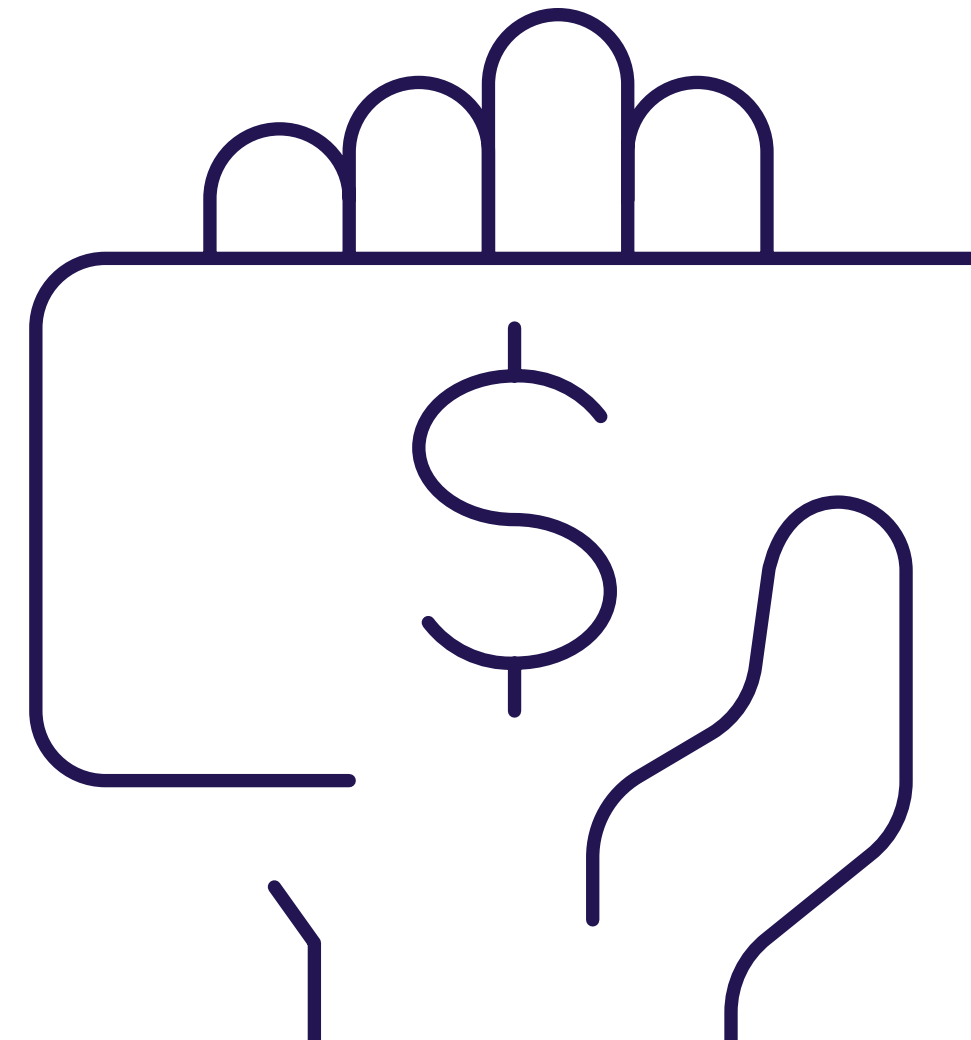
An immediate annuity guarantees payments that start right away. These payments may continue for a set number of years or for a lifetime.

Many people decide to buy an immediate annuity after they've already retired. It's a way to convert the savings you already have into a regular income stream.

Generally, you're taxed on the payments in the year they're received. The good news is that in retirement you're typically in a lower tax bracket.

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Here are some payment options for immediate annuities. Other options may be available.

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Life Income

This option provides a guaranteed income for as long as you are living. Payments will end when you die.

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Life Income With Certain Period

This option provides a guaranteed income for as long as you are living. If you die before the end of the specified period, your beneficiaries receive those payments.

Joint and Survivor Life Income

This joint option provides a guaranteed income for as long as either of you are living. When one of you dies, payments will continue to the survivor. Payments will end when both of you are deceased.

Joint and Survivor Life Income With Certain Period

This option provides a guaranteed income for as long as either of you are living. When one of you dies, payments will continue to the survivor. If both of you die before the end of the period specified, your beneficiary receives those payments until the end of the period.

Joint and Contingent Survivor Life Income

This option provides a guaranteed income for as long as both of you are living. If the primary annuitant dies first, payments will continue at 50% of the payments received when both of you were living. If the contingent annuitant dies first, payments will continue at 100% of the payments received when both of you were living. Payments will end when both of you are deceased.

Certain Period

This option provides a guaranteed income over a chosen period of time. If you die before the end of the specified period, your beneficiary receives those payments until the end of the period.

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Beneficiaries can receive benefits in several ways, unless the policy has certain restrictions. Talk to a tax professional before you decide how to receive your proceeds.

Continue the Payments

Continue to receive the payments as set up in the original policy.

Take a Lump-Sum Payment

Beneficiaries can receive benefits in a lump-sum payment, which is a one-time payment for the full value of the annuity. The payment may be fully taxable.

Choose an Income Option

You'll receive the benefits as a stream of periodic annuity payments. Choose payments over a set number of years or choose to receive payments for life. The earnings may be taxable as they are paid to you.

Other options may be available.

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go to [standard.com](https://www.standard.com).

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