



For producers only.

Sales Guide

Future Value Annuity 3, 5 and 7



Not FDIC-Insured • No Bank Guarantee • May Lose Value • Not Insured by any Federal Government Agency • Not a Bank Deposit

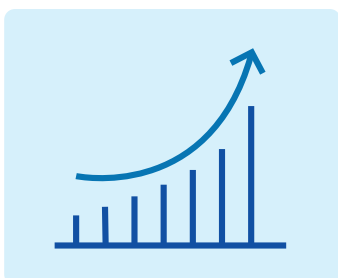


What is a Fixed Annuity?

A fixed rate annuity offers your clients guaranteed growth that is protected from market downturns.

Clients choose the rate guarantee period that best fits their financial needs. The guaranteed growth and stability of a fixed annuity can be an important part of a diversified portfolio.

There are a number of fixed annuity products on the market and each has its own unique design features. This guide provides a summary of the Future Value Annuity product.



Guaranteed Growth



Tax-Deferral



Access to Funds

Future Value Annuity 3, 5 and 7

Target Market

The Future Value Annuity offers features to optimize growth potential. It's a good fit for the long-term saver who likes the benefits of tax-deferred growth and protection as part of their retirement strategy. Few taxable investments provide this blend of safety, growth and flexibility.

Look over the features of the Future Value Annuity to learn whether this annuity is a good fit for your clients.

How This Annuity Works

Rate Guarantees — 3, 5 or 7 years

We guarantee the annual interest rate in effect at the time of purchase for 3, 5 or 7 years, depending on the option selected. Interest is calculated and credited daily.

Unique Feature: Choice of Withdrawal Options

The Future Value Annuity allows clients to select **one optional surrender charge free withdrawal provision** at the time of purchase.

1. No optional withdrawal provisions
2. Regularly scheduled payments of interest earnings after 30 days
3. 10% annual withdrawals¹
4. 10% annual withdrawals¹ and Principal Guarantee

Issue Age²

Owners age 18–90 and annuitants age 0–90.

Annuity Date

The contract anniversary following the oldest annuitant's 115th birthday.

Premium

The minimum premium is \$15,000 and maximum premium is \$1,000,000. Greater amounts may be possible if pre-approved by The Standard before submitting an application. Additional premium payments may be made during the first 90 days of the contract.

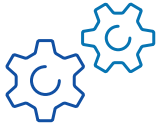
¹ Available after the first contract year. Withdrawal amount is based on a percentage of the value of the annuity fund as of the contract anniversary. We require a distribution request for payments. Scheduled withdrawals are not available.

² Maximum issue age may vary by distributor.

Market Value Adjustment³

A market value adjustment helps optimize growth potential over the long term. It also helps protect the insurance company against investment losses due to early withdrawals from the annuity, and generally allows the insurance company to offer a more competitive rate.

For those clients who do not plan on taking distributions beyond the penalty-free withdrawals allowed during the surrender charge period, the MVA can work to their advantage by helping them receive a more competitive rate.



How the MVA Works:

An MVA applies to withdrawals and surrenders that are subject to a surrender charge. We base the adjustment on a formula that takes into account changes in the MVA index at that time. **We will waive the MVA when the surrender charge is waived.**

The MVA can increase or decrease the surrender value of the annuity. Generally, if interest rates rise after the beginning of the market value adjustment period, the MVA will decrease the surrender value. If interest rates have fallen, the MVA will increase the surrender value.

We have guarantees in place which limit the amount of MVA that may be charged, based on nonforfeiture law. This is referred to in the contract as the “minimum fund”, and generally is equal to 87.5% of premium grown at rates guaranteed for the life of the contract. Limits on the MVA apply equally to both positive and negative adjustments.



Let's Look at An Example:

These examples show the effects of possible MVA adjustments on a withdrawal from a Future Value Annuity 5. Consider the combined charges for early surrender when rates increase or decrease. The sample calculations below assume the index tracked is 3.00% at issue and either rises to 5.00% or drops to 1.00%. The numbers are for example purposes only, results may vary.

Future Value Annuity 5

End of Year	Base Surrender Charge	MVA Index Increases to 5%	MVA Index Decreases to 3%
1	9.4%	13.8%	5.0%
2	8.5%	13.8%	2.8%
3	7.5%	11.1%	3.6%
4	6.5%	8.4%	4.5%
5	5.5%	5.7%	5.3%

Surrender Charge Period

Deferred annuities are designed to be long-term retirement savings. Although all or a portion of the funds may be withdrawn at any time, withdrawals and surrenders may face a charge during each surrender charge period. This is calculated as a percentage of the withdrawal amount.

Future Value Annuity 3

Contract Year	1	2	3
Surrender Charge	9.4%	8.5%	7.5%
Surrender Charge in California	8%	7%	6%

Future Value Annuity 5

Contract Year	1	2	3	4	5
Surrender Charge	9.4%	8.5%	7.5%	6.5%	5.5%
Surrender Charge in California	8%	7%	6%	5%	4%

Future Value Annuity 7

Contract Year	1	2	3	4	5	6	7
Surrender Charge	9.4%	8.5%	7.5%	6.5%	5.5%	4.5%	3.5%
Surrender Charge in California	8%	7%	6%	5%	4%	3%	2%

Minimum Value Guarantee

During the surrender charge period and throughout the contract, minimum values of the annuity are guaranteed. Your clients will never receive less than the minimum contract values over the life of the contract. The annuity contract surrender value is guaranteed to equal, or exceed, the contractual minimum values in the contract.

The Standard applies a formula to ensure that the surrender value meets, or exceeds, these contractual minimum values — even if surrender charges and market value adjustments have been applied.

At all times, clients are guaranteed to receive an annuity value that meets or exceeds minimum required values.

More Selling Points

Ownership Options

Ownership types allowed

Single, joint owners and certain non-natural owners (Trusts, Corporations, Non-Profit organizations, etc.)

Annuitants allowed

Single or joint annuitants

Spousal Continuation

If the spouse is the joint owner or sole primary beneficiary, they may elect to continue the contract as sole owner.

Tax-Qualification Options

Non-qualified contracts funded with after-tax dollars

1035 exchanges, transfers or lump sum payments can be used to purchase a non-qualified annuity.

Qualified contracts funded with pre-tax dollars

Rollovers, transfers or lump sums payments from qualified plans such as an IRA or 401(k) can be used to purchase a qualified Individual Retirement Annuity.

Advantages of Tax Deferral

Taxes are due only when clients withdraw funds or schedule distributions from the annuity. Most people take these actions during retirement, when they are likely in a lower tax bracket. As a result, interest has been accumulating on principal, earnings and money that would have otherwise been paid in income taxes, and the taxes your clients pay may be at a lower tax rate. Please consult a tax professional for guidance.

Free Look Period

Your clients may cancel and return their contract within 30 days after it is delivered. We will refund their premium after a cancellation, minus any withdrawals taken.

Access to Funds

There are times when your clients may need to access funds during the surrender charge period. We have created withdrawal options without a surrender charge or market value adjustment to help in certain situations. There may be a 10 percent early-withdrawal IRS penalty for surrenders that occur before age 59½. Please consult a tax professional for guidance.

Optional withdrawal provision if selected at time of purchase:

Payments of Interest Earning

After 30 days, clients can withdraw interest earned without a surrender charge. Payments may be scheduled monthly, quarterly, semi-annually or annually.

10% Annual Withdrawals⁴

After the first year, clients can withdraw up to 10% of the annuity fund value per year without a surrender charge.

10% Annual Withdrawals⁴ and Principal Guarantee

After the first year, clients can withdraw up to 10% of the annuity fund value per year without a surrender charge. With the Principal Guarantee, after day one, the payout will never be less than the total premium paid, minus any withdrawals loans taken.

IRS Required Minimum Distributions

Clients can schedule surrender charge free annuity payments that meet IRS required minimum distributions for tax-qualified plans.

Terminal Conditions

After the first contract year, clients can withdraw funds without a surrender charge if you are diagnosed with a terminal condition with a life expectancy of 12 months or less.

Nursing Home Residency

After the first contract year, clients can withdraw funds without a surrender charge if you are a resident in a nursing home for 30 or more consecutive days.

Death Benefits

Death benefit payments are available without a surrender charge.

Annuitization

Annuitization is the process of changing from accumulating savings to generating a guaranteed income stream. Your clients may convert their deferred annuity to a payment stream with The Standard at any time without a surrender charge. Clients must choose either a lifetime income payment option or a certain period of at least five years.

⁴ Available after the first contract year. Withdrawal amount is based on a percentage of the value of the annuity fund as of the contract anniversary. We require a distribution request for payments. Scheduled withdrawals are not available.

Payout Options

Deferred annuities may be paid as a lump sum or converted into one of these income options:

- Life income
- Life income with certain period
- Joint and survivor life income
- Joint and survivor life income with certain period
- Joint and contingent survivor life income
- Certain period
- Other options may be available

Suitability Analysis During the Sales Process

The NAIC's Suitability in Annuity Transactions Model Regulation was amended in 2020 and now incorporates a best interest standard of care for annuities. The Regulation applies to any sale or recommendation of an annuity.

Best Interest Obligation

A producer, when making a recommendation of an annuity, shall act in the best interest of the consumer under circumstances known at the time of the recommendation is made, without placing the producer's or insurer's financial interest ahead of the consumer's interest. A producer has acted in the best interest of the consumer if they have satisfied the following obligations regarding **care, disclosure, conflict of interest and documentation**.

To satisfy the four obligations, when making a recommendation, producers must:

- Know consumer's financial situation, insurance needs and financial objectives.
- Understand the available recommendation options.
- Have a reasonable basis to believe the recommended option effectively addresses the consumer's financial situation, insurance needs and financial objectives.
- Communicate the basis of the recommendation to the consumer.
- Disclose their role in the transaction, their compensation, and any material conflicts of interest; and
- Document, in writing, any recommendation and the justification for such recommendation.

The **care obligation** is having a reasonable basis to believe a recommendation for an annuity will address a consumer's finances, insurance needs and financial objectives, **over the life of the product**, using the information provided on a consumer's profile information form.

Consumer Profile Information

1. Age
2. Annual income
3. Financial situation and needs, including debts and other obligations
4. Financial experience
5. Insurance needs
6. Financial objectives
7. Intended use of the annuity
8. Financial time horizon
9. Existing assets or financial products, including investment, annuity and insurance holdings
10. Liquidity needs
11. Liquid net worth
12. Risk tolerance, including but not limited to, willingness to accept non-guaranteed elements in the annuity
13. Financial resources used to fund the annuity
14. Tax status

The consumer profile information, characteristics of the insurer, and product costs, rates, benefits and features are those factors generally relevant in making a determination whether an annuity effectively addresses the consumer's financial situation, insurance need and financial objectives, but the level of importance of each factor under the care obligation may vary depending on the facts and circumstances of a particular case. However, each factor may **not** be considered in isolation.

In the case of an **exchange or a replacement** of an annuity the producer shall consider the whole transaction, taking into consideration whether:

- The consumer will incur a surrender charge, be subject to the commencement of a new surrender period, lose existing benefits, or be subject to increased fees or charges for riders and similar product enhancements.
- The replacing product would substantially benefit the consumer in comparison to the replaced product over the life of the product.
- The consumer has had another annuity exchange or replacement within the preceding **60 months**.

The **disclosure obligation** is disclosing to a consumer the terms of their relationship and the role of the producer in the transaction, an affirmative statement on whether the producer is licensed to sell the particular product, the number of insurer's they are authorized, contracted (or appointed), or otherwise able to sell insurance products from, describing the sources of their cash and non-cash compensation, including whether commission as part of premium or other remuneration received from the insurer, intermediary or other producer or by a fee as a result of a contract for advice or consulting services and a consumer's right to request additional information regarding cash compensation.

A consumer has a right to request additional information regarding cash compensation. Upon request, the producer shall disclose a reasonable estimate of the amount of cash compensation they will receive. This may be stated as a range of amounts or percentages and as a one-time or multiple occurrence amount. If it will be multiple occurrences, the frequency and amount of the occurrence may be stated as a range of amounts or percentages.

Prior to or at the time of the recommendation or sale of an annuity, the producer shall have a reasonable basis to believe the consumer has been informed of various features of the annuity, such as the potential surrender period and surrender charge, potential tax penalty if the consumer sells, exchanges, surrenders or annuitizes the annuity, mortality and expense fees, investment advisory fees, any annual fees, potential charges for and features of riders or other options of the annuity, limitations on interest returns, potential changes in non-guaranteed elements of the annuity, insurance and investment components and market risk.

The **conflict-of-interest obligation** is to identify and avoid, or reasonably manage and disclose "material conflicts of interest", meaning financial interest, to the consumer.

The **documentation obligation** is to record the basis for any recommendation in writing and to request a signed statement from a consumer who refuses to provide their financial information, insurance needs or investment objectives on a consumer profile information form.

Application of the Best Interest Obligation

Any requirement applicable to a producer shall apply to every producer who has exercised material control or influence in the making of a recommendation and has received direct compensation as a result of the recommendation and sale, regardless of whether the producer has had any direct contact with the consumer.

An insurer shall establish and maintain reasonable procedures to identify and eliminate any sales contests, sales quotas, bonuses and non-cash compensation based on the sales of specific annuity products within a limited period of time.

Producer Training

A producer shall not solicit the sale of an annuity product unless the producer has adequate knowledge of the product to recommend the annuity and the producer is in compliance with the insurer's standards for product training. An insurer shall make reasonable procedures to inform its producers of the requirements of the Model and incorporate the requirements into producer training.

Continuing Education (CE) Training

A producer who engages in the sale of annuity products shall complete a one-time four (4) credit training course approved by the department of insurance and provided by the department of insurance-approved education provider. A producer who has completed an annuity-training course approved by the department of insurance prior to the effective date, shall, within six (6) months after the effective date, complete either:

1. A four (4) credit training course approved by the department of insurance after the effective date.
2. An additional one-time one (1) credit training course approved by the department of insurance and provided by the department of insurance-approved education provider on appropriate sales practices, replacement and disclosure requirements under this amended regulation.

Continued on next page



Compensation and Sales Support

Commission Amounts

Consult your Annuity Producer Product and Compensation Schedule for details.

Commission Chargeback

Surrenders:

- 100% of the commission will be recaptured on contracts surrendered in the first 6 contract months.
- 50% of commission will be recaptured on contracts surrendered in the 7–12 contract months.

Surrenders on products with Principal Guarantee:

- 100% of the commission will be recaptured on policies surrendered in the first 12 contract months.
- 50% of commission will be recaptured on contracts surrendered in the 13–24 contract months.

Death:

- 100% of the commission earned will be recaptured on death in the first 6 contract months.
- 50% of the commission earned will be recaptured on death in the 7–12 contract months.

Sales Support

Please contact your NMO or The Standard sales support team at:

800.378.4578 or annsales@standard.com.

New business forms and marketing materials may be found online at:

standard.com/annuities.

Online Annuity Portal

Producers can access the secure Annuity Producer Portal with access to client's account information including statements, tax documents, account values and allocations, financial activity and more. The Annuity Portal empowers producers to manage their book of business and pending business with reporting tools. A demonstration video and self-registration instruction are available at: standard.com/producer-portal-guide.

Clients can access to their secure Annuity Portal to view account information, statements, tax documents, and more. Self-registration directions and a demonstration video are available at:

standard.com/portal-guide.



Standard Insurance Company | 1100 SW Sixth Avenue, Portland, OR 97204 | standard.com

The Standard is a marketing name for StanCorp Financial Group, Inc. and subsidiaries. Insurance products are offered by Standard Insurance Company of Portland, Oregon in all states except New York. Product features and availability vary by state and are solely the responsibility of Standard Insurance Company.

Annuities are intended as long-term savings vehicles. The Future Value Annuity is a product of Standard Insurance Company. It may not be available in some states. The annuity is not guaranteed by any bank or credit union and is not insured by the FDIC or any other governmental agency. The purchase of an annuity is not a provision or condition of any bank or credit union activity. Some annuities may go down in value. The guarantees of the annuity are based on the financial strength and claims-paying ability of Standard Insurance Company. An annuity should not be purchased as a short-term investment.

Contract: ICC17-SPDA (01/17), SPDA (01/17), SPDA(01/17)CA, SPDA-(01/17)FL. Riders: ICC17-R-MVA, ICC17-R-TCB, ICC17-R-NHB, ICC17-R-ANN, ICC17-R-DB, ICC17-R-ANNDW, ICC17-R-EIO, ICC17-R-IRA, ICC17-R-Roth IRA, ICC17-R-QPP, R-MVA, R-TCB, R-TCB-CA, R-NHB, R-NHB-CA, R-TCB/NHB-SD, R-ANN, R-DB, R-ANNDW, R-EIO, R-IRA, R-Roth IRA, R-QPP. The Future Value Annuity contains an MVA feature. Surrender charges may apply to withdrawals during a surrender period. A 10% IRS penalty may apply to withdrawals prior to age 59½.