



**NEW ERA LIFE INSURANCE COMPANY**

**PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY**

**NEW ERA LIFE INSURANCE COMPANY OF THE MIDWEST**

P. O. Box 4884 • Houston, TX 77210-4884

11720 Katy Freeway, Suite 1700 • Houston, TX 77079

281-368-7200 • 800-713-4680 • Fax: 281-368-7145 • [www.neweralife.com](http://www.neweralife.com)

## **Product Training Instructions for Agents**

**Revised 06/10/2015**

Please review the entire contents of this presentation for the following annuities:

**SECURE CHOICE 3 (WITH MVA)**

**SECURE CHOICE 5 (WITH MVA)**

**EXCHANGE CHOICE 3 (WITH MVA - Internal Exchanges Only)**

**EXCHANGE CHOICE 5 (WITH MVA - Internal Exchanges Only)**

At the end of the presentation, complete the Certificate of Completion and send the Certificate to New Era Life as per the instructions on the Certificate, or instructions on the website training site.

**NOTE:** The Terms and Conditions in the Exchange Choice annuities are identical to Secure Choice annuities, except the Exchange Choice annuities are used for Internal Exchanges of existing New Era Life Companies annuities only. The Exchange Choice annuities offer a higher interest rate than Secure Choice annuities and the commission is reduced by 50%.



# REQUIRED FORMS & DOCUMENTS

The remainder of this presentation demonstrates the various documents required for:

## SECURE CHOICE & EXCHANGE CHOICE ANNUITIES

Issued by: New Era Life, Philadelphia American Life, and New Era Life of the Midwest

Effective July 1, 2015, the SECURE CHOICE and EXCHANGE CHOICE annuities will include a

### MARKET VALUE ADJUSTMENT

You must use the following forms dated or sent (postmarked) to the Home Office

**On or After July 1, 2015**

- ▶ SECURE CHOICE Disclosure Form # **A-43.45.BR** – DOC-7910
- ▶ SECURE CHOICE Annuity Application Form # **A-43.45.AP** – DOC-7903
- ▶ Suitability Analysis Form # **ANN.SUIT** – DOC-7967
- ▶ Replacement Form # **NEC.RPL** – DOC-7915
- ▶ Buyers Guide (to be left with applicant) # **BG ANNUITY** – DOC-7758

**EXCHANGE CHOICE annuities are used for Internal Exchanges Only!**

- ▶ EXCHANGE CHOICE Disclosure Form # **A-43E.45E.BR** – DOC-7978
- ▶ EXCHANGE CHOICE Annuity Application Form # **A-43E.45E.AP** – DOC-7977

**Exchange Choice Applications dated and sent to the Home Office On or Before June 30, 2015 will use Disclosure Forms and Applications that DO NOT include a Market Value Adjustment.**

**NOTE: You must complete this Product Training Course BEFORE you sell the SECURE CHOICE or EXCHANGE CHOICE annuities with the MVA!**

Please call New Era Life at 800-713-4680 if you have any questions.



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# SECURE CHOICE

## 3 & 5

### Disclosure Form

**This disclosure form highlights key features and benefits of the SECURE CHOICE 3 & 5 annuities.**

**TAX ADVANTAGES – TAX DEFERRED PLAN**

Although an annuity does not eliminate your tax liability on interest earnings, under current tax law all interest earned accumulates on a tax-deferred basis. Tax deferral is currently available only to individual owners and certain trusts, not to corporations or other non-individuals.

**SINGLE PREMIUM DEFERRED ANNUITIES**

The SECURE CHOICE 3 & 5 are single premium deferred annuities. Additional premiums may not be added in the future.

**NO SALES CHARGES OR FEES**

There are with no annual maintenance fees and no front-end sales loads. **100% of your money works for you!** However, if applicable, a premium tax will be deducted from your premium. **(Not Applicable in Texas!)**

**GUARANTEE PERIOD/INTEREST CREDITING**

You choose the guaranteed rate period that is best for you. The guarantee period begins on the date of issue and ends on the last day of the chosen period. After your chosen rate period ends, your annuity will earn a portfolio interest rate, which may go up or down, but can never earn less than the contract's minimum guaranteed rate at the time of your purchase.

Interest is credited and compounded on a daily basis. The rates shown below are the current effective annual yields.

MINIMUM GUARANTEED RATES			
SECURE CHOICE	3	%	%
		Years 1 – 3	Years 4 +
SECURE CHOICE	5	%	%
		Years 1 – 5	Years 6 +

Rates in effect on: \_\_\_\_\_  
**Subject to Change Without Notice!**

**ISSUE AGES**

Age 100 for the SECURE CHOICE 3 – Age 90 for the SECURE CHOICE 5.

**MINIMUM/MAXIMUM PREMIUMS**

The minimum premium is \$10,000. Premiums in excess of \$500,000 require prior company approval.

**RIGHT TO EXAMINE ANNUITY**

Within the first 20 days after you receive your annuity, you may return the annuity and receive 100% of your premium, minus any prior withdrawals.

**RIGHT TO CHANGE ANNUITANT**

As the owner of a non-qualified SECURE CHOICE 3 or 5 annuity, you may change the annuitant at any time before annuity payments begin.

**WITHDRAWALS/SURRENDER CHARGES**

A surrender charge will apply to a full or partial surrender of the principal, unless the surrender charge is waived as explained below.

Year:	1	2	3	4	5	6+
3 Year	5%	5%	5%	None		
5 Year	5%	5%	5%	5%	5%	None

**MARKET VALUE ADJUSTMENT (MVA)**

A market value adjustment (MVA) applies to a full surrender, or to any partial surrender (withdrawal), to which a surrender charge applies. The MVA is in addition to the surrender charge and is calculated using the MVA factor described in the annuity. This factor is based on changes in the yields on U.S. Treasuries. The MVA may increase or decrease your surrender value.

**EXCEPTIONS TO SURRENDER CHARGES & MVA**

- 1) You may withdraw 100% of your accumulated interest *free* of all charges at any time.
- 2) If you desire, we will mail you or direct deposit a check based on the daily nominal interest rate and subject to a minimum amount of \$125. If the monthly payment is less than \$125, the payment will be made on a quarterly basis.
- 3) Surrender charges and MVA are waived in the event of death of the Owner.
- 4) You may elect to annuitize at any time after one year from a wide range of options. Surrender charges and MVA are waived with a payout period of 5 years or longer.
- 5) If the Owner dies after electing to annuitize, but before all guaranteed income payments are received, the remaining guaranteed payments will be paid to the beneficiary.
- 6) If the Annuitant is different from the Owner and the Annuitant dies before the Owner elects to annuitize, the Owner may name a new Annuitant.
- 7) Required Minimum Distributions from qualified plans are not subject to surrender charges or the MVA.

**TAXATION OF WITHDRAWALS**

Withdrawals may be subject to income tax. If withdrawals are made before age 59½, they also may be subject to a 10% IRS penalty.

**FINANCIAL SECURITY**

The New Era Companies are conservatively managed and financially strong life insurance companies, required by state regulation to maintain reserves equal to or greater than guaranteed surrender values.

**NOTES**

- The SECURE CHOICE 3 & 5 annuities are issued on Policy Forms A-0043 and A-0045 and not available in all states; certain restrictions, conditions, and state variations may apply.
- This document is not a legal contract. For the exact terms and conditions, please refer to the annuity policy/contract.
- Annuities are products of the insurance industry and are not guaranteed by any bank or insured by the FDIC.
- Tax laws are subject to varying interpretations and possible changes. Please consult your tax advisor for further information.

**ACKNOWLEDGEMENT:**

I acknowledge that I have read this disclosure and I understand the description of these provisions as they apply to my application. I acknowledge that there is a 20-day right to examine this annuity. I also understand that subject to the guaranteed values in the annuity, the cash surrender values in the annuity may increase or decrease based on an MVA adjustment prior to the date or dates specified in the annuity.

X

Signature of Owner(s)

X

Signature of Agent

Date

Agent Name and Address



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**SECURE CHOICE**

**3 & 5**

**ANNUITY APPLICATION**

**Choose One Option Only:**

**SECURE CHOICE 3**  
 A-0043.NEL • A-0043.PAL • A-0043.NEM

**SECURE CHOICE 5**  
 A-0045.NEL • A-0045.PAL • A-0045.NEM

<i>Please Print in Ink</i>	<b>A. OWNER</b> <small>(All Correspondence is Sent to Owner)</small>	<b>B. ANNUITANT</b> <small>(Complete if different from Owner)</small>	<b>*C. JOINT OWNER</b> <small>(Non-Qualified Funds Only)</small>
Name:			
Mail Address:			
City, State Zip Code:			
Tax ID #:			
Date of Birth or Trust:			
Sex:			
Home Phone #:			

**D. ANNUITY PREMIUM:** Paid with Application \$ \_\_\_\_\_ Anticipated Rollover/Transfer Amount \$ \_\_\_\_\_

**E. LINE OF BUSINESS:**  Non-Qualified  IRA – SEP  IRA Rollover/Transfer Tax Year of New Qualified Contribution \_\_\_\_\_

**F. INTEREST INCOME CHOICE:** (check one)  
 Left to Accumulate (Tax Deferred Growth)  
 Interest Paid Monthly (subject to minimum requirement) Withhold Income Tax:  No  Yes @ \_\_\_\_\_ %

**G. OWNER'S BENEFICIARY DESIGNATIONS:** (Unless otherwise designated, all survivors in a class will share equally.)

PRIMARY:	Name	Date of Birth or Trust Date	SSN or Tax ID #	Relationship to Owner

CONTINGENT:

\*NOTE: If the Joint Owner predeceases the Owner, full ownership shall pass to the Owner, unless Written Notice to the contrary is provided before death.

**H. REPLACEMENT:** Does the annuitant have any existing life insurance or annuity contracts in force?  Yes  No  
 If Yes, complete and forward any replacement forms as required in the state of application.  
 Is the contract being applied for intended to replace or exchange any insurance or annuity now in force?  Yes  No

**I. REMARKS AND/OR SPECIAL INSTRUCTIONS:**

**During the first 3 years of form A-0043 and 5 years for form A-0045, amounts payable under the contract are subject to a Market Value Adjustment.**  
 I represent that my answers in this application are true and complete and that this application shall be part of an annuity contract issued by the Company. Any statement made by either the agent of this application or by any other person shall not be binding on the Company unless such statement is reduced to writing by the Company and made a part of the contract.  
 Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. A 10% IRS penalty may apply on amounts withdrawn before the owner reaches age 59½. **All checks must be payable to the Company identified at the top of this application.**

Application Completed at (City, State): \_\_\_\_\_ Date: \_\_\_\_\_

*X*  
 \_\_\_\_\_  
**SIGNATURE OF OWNER**

*X*  
 \_\_\_\_\_  
**SIGNATURE OF JOINT OWNER**

**AGENT:** Do you have knowledge or reason to believe that the applicant has existing policies or contracts now in force?  Yes  No  
 If Yes, I presented and read the applicant a notice regarding the replacement.  
 Is the contract being applied for intended to replace or exchange any insurance or annuity now in force?  Yes  No

*X*  
 \_\_\_\_\_  
 SIGNATURE OF AGENT(S)      AGENT NUMBER(S)      STATE LICENSE NUMBER OF AGENT(S)



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# Exchange Choice 3 & 5

**Disclosure Form**

**This disclosure form highlights key features and benefits of the EXCHANGE CHOICE 3 & 5 annuities.**

**TAX ADVANTAGES – TAX DEFERRED PLAN**

Although an annuity does not eliminate your tax liability on interest earnings, under current tax law all interest earned accumulates on a tax-deferred basis. Tax deferral is currently available only to individual owners and certain trusts, not to corporations or other non-individuals.

**SINGLE PREMIUM DEFERRED ANNUITIES**

The EXCHANGE CHOICE 3 & 5 are single premium deferred annuities. Additional premiums may not be added in the future.

**NO SALES CHARGES OR FEES**

There are with no annual maintenance fees and no front-end sales loads. **100% of your money works for you!** However, if applicable, a premium tax will be deducted from your premium. **(Not Applicable in Texas!)**

**GUARANTEE PERIOD/INTEREST CREDITING**

You choose the guaranteed rate period that is best for you. The guarantee period begins on the date of issue and ends on the last day of the chosen period. After your chosen rate period ends, your annuity will earn a portfolio interest rate, which may go up or down, but can never earn less than the contract's minimum guaranteed rate at the time of your purchase.

Interest is credited and compounded on a daily basis. The rates shown below are the current effective annual yields.

<b>SPECIAL OFFER – INTERNAL EXCHANGE RATES</b>			
<b>MINIMUM GUARANTEED RATES</b>			
<b>Exchange Choice 3</b>		<b>%</b>	<b>%</b>
	Years 1 – 3		Years 4 +
<b>Exchange Choice 5</b>		<b>%</b>	<b>%</b>
	Years 1 – 5		Years 6 +

Rates in effect on: \_\_\_\_\_

**Subject to Change Without Notice!**

**ISSUE AGES**

There are no maximum issue ages for Internal Exchanges.

**MINIMUM/MAXIMUM PREMIUMS**

The minimum premium is \$10,000. Premiums in excess of \$500,000 require prior company approval.

**RIGHT TO EXAMINE ANNUITY**

Within the first 20 days after you receive your annuity, you may return the annuity and receive 100% of your premium, minus any prior withdrawals.

**RIGHT TO CHANGE ANNUITANT**

As the owner of a non-qualified EXCHANGE CHOICE 3 or 5 annuity, you may change the annuitant at any time before annuity payments begin.

**WITHDRAWALS/SURRENDER CHARGES**

A surrender charge will apply to a full or partial surrender of the principal, unless the surrender charge is waived as explained below.

Year:	1	2	3	4	5	6+
3 Year	5%	5%	5%	None		
5 Year	5%	5%	5%	5%	5%	None

**MARKET VALUE ADJUSTMENT (MVA)**

A market value adjustment (MVA) applies to a full surrender, or to any partial surrender (withdrawal), to which a surrender charge applies. The MVA is in addition to the surrender charge and is calculated using the MVA factor described in the annuity. This factor is based on changes in the yields on U.S. Treasuries. The MVA may increase or decrease your surrender value.

**EXCEPTIONS TO SURRENDER CHARGES & MVA**

- 1) You may withdraw 100% of your accumulated interest *free* of all charges at any time.
- 2) If you desire, we will mail you or direct deposit a check based on the daily nominal interest rate and subject to a minimum amount of \$125. If the monthly payment is less than \$125, the payment will be made on a quarterly basis.
- 3) Surrender charges and MVA are waived in the event of death of the Owner.
- 4) You may elect to annuitize at any time after one year from a wide range of options. Surrender charges and MVA are waived with a payout period of 5 years or longer.
- 5) If the Owner dies after electing to annuitize, but before all guaranteed income payments are received, the remaining guaranteed payments will be paid to the beneficiary.
- 6) If the Annuitant is different from the Owner and the Annuitant dies before the Owner elects to annuitize, the Owner may name a new Annuitant.
- 7) Required Minimum Distributions from qualified plans are not subject to surrender charges or the MVA.

**TAXATION OF WITHDRAWALS**

Withdrawals may be subject to income tax. If withdrawals are made before age 59½, they also may be subject to a 10% IRS penalty.

**FINANCIAL SECURITY**

The New Era Companies are conservatively managed and financially strong life insurance companies, required by state regulation to maintain reserves equal to or greater than guaranteed surrender values.

**NOTES**

- The EXCHANGE CHOICE 3 & 5 annuities are issued on Policy Forms A-0043E and A-0045E and not available in all states; certain restrictions, conditions, and state variations may apply.
- This document is not a legal contract. For the exact terms and conditions, please refer to the annuity policy/contract.
- Annuities are products of the insurance industry and are not guaranteed by any bank or insured by the FDIC.
- Tax laws are subject to varying interpretations and possible changes. Please consult your tax advisor for further information.

**ACKNOWLEDGEMENT:**

I acknowledge that I have read this disclosure and I understand the description of these provisions as they apply to my application. I acknowledge that there is a 20-day right to examine this annuity. I also understand that subject to the guaranteed values in the annuity, the cash surrender values in the annuity may increase or decrease based on an MVA adjustment prior to the date or dates specified in the annuity.

**X**

\_\_\_\_\_  
**Signature of Owner(s)**

**X**

\_\_\_\_\_  
 Signature of Agent

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Agent Name and Address



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# Internal Exchange

Policy Number of Contract to be Exchanged: \_\_\_\_\_

	Full Name	SSN or Tax ID #
Annuitant:		
Owner (If different):		
Joint Owner:		

**Please transfer the surrender value of the above policy and process as requested:**

(Specify Amount)

Entire surrender value    or     \$ \_\_\_\_\_

Immediately                      or     on \_\_\_\_\_

The amount indicated above is to be applied to a new policy issued by the New Era Company noted above on the plan indicated below. I request that the annuitant, owner and beneficiary designations on the new policy be identical to those on the above policy. I understand that the new annuity will be issued with a current issue date and will contain all of the provisions outlined in the Exchange Choice Disclosure Form.

**Plan applied for (please check one):**

**Exchange Choice 3** (Form A-0043E)    or     **Exchange Choice 5** (Form A-0045E)

**My existing annuity contract is:**

- Enclosed**
- Lost or Destroyed** – I hereby certify that the above referenced contract has been lost or destroyed and that it is not assigned or pledged in any way whatsoever. If the entire surrender value is to be applied to a new policy, I understand that the original contract becomes null and void, and that I, and my heirs, have no further claim against the company with respect to this contract.

**During the first 3 years of form A-0043 and 5 years for form A-0045, amounts payable under the contract are subject to a Market Value Adjustment.**

I represent that my contract is not assigned or pledged as collateral and is not subject to any lien or legal proceeding of any kind, including bankruptcy or divorce. I further understand and agree that the Company and the undersigned agent have made no representations concerning the tax treatment of this election. The Company assumes no responsibility for any adverse income tax consequences caused by this election.

**Certification and Signatures:** Under penalty of perjury, I certify that the tax ID or social security number furnished above is true and correct.

<span style="color: red; font-size: 2em;">X</span>	Date	<span style="color: purple; font-size: 2em;">X</span>	Date
SIGNATURE OF OWNER		SIGNATURE OF JOINT OWNER	

Company Officer or \_\_\_\_\_ Date: \_\_\_\_\_

Agent Signature X \_\_\_\_\_ Agent Number: \_\_\_\_\_



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# Suitability Analysis

## SECTION 1: PERSONAL INFORMATION

	Owner	Spouse (if any)
Full Name		
Current Age		
Gender		
Employment Status	<input type="checkbox"/> Retired <input type="checkbox"/> Work-Full Time <input type="checkbox"/> Work-Part Time	<input type="checkbox"/> Retired <input type="checkbox"/> Work-Full Time <input type="checkbox"/> Work-Part Time
Current Occupation		
Dependents (number and ages)		

## SECTION 2: FINANCIAL INFORMATION OF OWNER

Annual Household Income	\$
Source of Income	
Income Tax Bracket (Federal & State)	%
Total Assets	\$
Total Outstanding Debt	\$
Total Liquid Assets (All assets that are readily convertible to cash)	\$

## SECTION 3: FINANCIAL SITUATION AND NEEDS OF OWNER

Does your income cover all of your living and medical expenses?  Yes  No

If **no**, please explain

Do you expect changes in your living expenses?  Yes  No

If **yes**, please explain

Do you anticipate changes in your out-of-pocket medical expenses?  Yes  No

If **yes**, please explain

Is your income sufficient to cover future changes in your living and out-of-pocket medical expenses during the surrender charge period?  Yes  No

If **no**, please explain

Do you have an emergency fund for unexpected expenses?  Yes  No

If **no**, please explain

Please enter any additional information to be considered in determining suitability:

### What other investments do you currently own? (Check all that apply)

- Stocks
- Bonds
- Mutual Funds
- Personal Business
- Options
- Real Estate
- Partnerships
- Other: \_\_\_\_\_

### Please describe your risk tolerance:

- Conservative
- Moderately Conservative
- Moderate
- Moderately Aggressive
- Aggressive

## SECTION 4: THIS ANNUITY PURCHASE

### Primary reason for purchasing this annuity:

- Asset accumulation
- Tax deferred growth
- Immediate income
- Future retirement income
- Guaranteed interest rate
- Transfer to heirs
- Safety of principal
- Other: \_\_\_\_\_

**How long do you plan to keep this annuity?**

- Less than 2 years       2 to 5 years       6 to 10 years       11+ years

**Source of funds used to purchase this annuity (check all that apply)**

- CD/Savings/Checking       Inheritance       Current income  
 Liquidation of assets       Death benefit proceeds       Qualified plan distribution  
 Cash value from existing annuity       Rollover/transfer from qualified account       Other: \_\_\_\_\_

**SECTION 5: EXISTING ACCOUNT INFORMATION**

Do you plan to use funds from an existing annuity policy to purchase this annuity?  Yes (complete the rest of section 5)  No (go to section 6)

How long has the annuity been in force? \_\_\_\_\_ years

Is there a surrender charge on the existing annuity?  Yes What is the current charge? \_\_\_\_\_%  
When will it expire? \_\_\_\_\_  
 No

What type is the existing annuity?  Fixed  Variable  Equity Indexed

What interest rate is currently being credited to the existing annuity? \_\_\_\_\_%  
Please describe any expected change(s) to this rate in the additional information section below.

If the existing annuity is tax-qualified, are you taking Required Minimum Distributions from it?  Yes  No  Not Required due to age

Are you taking any other periodic distributions from the existing annuity?  Yes Describe: \_\_\_\_\_  
 No

Have you exchanged or replaced any other annuity within the preceding 36 months?  Yes Describe: \_\_\_\_\_  
 No

Please enter any additional applicable information: \_\_\_\_\_

**SECTION 6: OWNER'S ACKNOWLEDGEMENT**

Please check the appropriate box and sign below, where indicated:

<input type="checkbox"/> To the best of my/our knowledge, the information provided in this questionnaire is accurate. I/we understand that an annuity is a long term investment and my/our agent has reviewed the features and benefits of this annuity as well as any applicable fees and surrender charges with me/us. I/we believe that the purchase of this annuity product is suitable for my/our financial needs and objectives.	<b>OR</b>	<input type="checkbox"/> I/we choose not to provide complete information related to my/our financial status, situation and/or needs. I/we understand that by doing so, my/our agent will be unable to assist me/us in determining if this annuity is suitable. I/we understand that an annuity is a long term investment and my/our agent has reviewed the features and benefits of this annuity as well as any applicable fees and surrender charges with me/us. I/we wish to proceed with the purchase at this time.
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 \_\_\_\_\_ **Signature of Owner**      Date Signed       \_\_\_\_\_ Signature of Spouse, if Joint Owner

**SECTION 7: AGENT'S ACKNOWLEDGEMENT**

<input type="checkbox"/> Based on the facts disclosed by the proposed owner and joint owner, I have reasonable grounds for believing that the recommendation for the purchase or exchange of an annuity is suitable. I agree to maintain the information collected and used as the basis for this recommendation for a period of at least five (5) years and make it available upon request to the Company or the insurance commissioner.	<b>OR</b>	<input type="checkbox"/> Although I have inquired about the proposed owner's financial information, needs and objectives, I was unable to collect the necessary information to make a recommendation. I am not aware of any circumstances that would cause me to believe that the annuity is not a suitable purchase.
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During the solicitation of this annuity, I  did  did not use any sales materials other than pre-printed product brochures and other material provided by the Company. I certify that the applicant was given a copy of the applicable product brochure and disclosure form. I have attached to this form any and all supplementary information used in the solicitation of this annuity.

 \_\_\_\_\_ **Signature of Agent**      Date signed





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*This form must be completed & signed, even if NO replacement is occurring!*

**IMPORTANT NOTICE: REPLACEMENT OF LIFE INSURANCE OR ANNUITIES**

This document must be signed by the applicant and the producer, if there is one, and a copy left with the applicant.

You are contemplating the purchase of a life insurance policy or annuity contract. In some cases this purchase may involve discontinuing or changing an existing policy or contract. If so, a replacement is occurring. Financed purchases are also considered replacements.

A replacement occurs when a new policy or contract is purchased and, in connection with the sale, you discontinue making premium payments on an existing policy or contract, or an existing policy or contract is surrendered, forfeited, assigned to the replacing insurer, or otherwise terminated or used in a financed purchase.

A financed purchase occurs when the purchase of a new life insurance policy involves the use of funds obtained by the withdrawal or surrender of or by borrowing some or all of the policy values, including accumulated dividends, of an existing policy to pay all or part of any premium or payment due on the new policy. A financed purchase is a replacement.

You should carefully consider whether a replacement is in your best interest. You will pay acquisition costs and there may be surrender costs deducted from your policy or contract. You may be able to make changes to your existing policy or contract to meet your insurance needs at less cost. A financed purchase will reduce the value of your existing policy and may reduce the amount paid upon the death of the insured.

We want you to understand the effects of replacements before you make your purchase decision and ask that you answer the following questions and consider the questions on the back of this form.

1. Are you considering discontinuing making premium payments, surrendering, forfeiting, assigning to the insurer, or otherwise terminating your existing policy or contract?  Yes  No
2. Are you considering using funds from your existing policies or contracts to pay premiums due on the new policy or contract?  Yes  No

If you answered "yes" to either of the above questions, list each existing policy or contract you are contemplating replacing (include the name of the insurer, the insured or annuitant, and the policy or contract number if available) and whether each policy or contract will be replaced or used as a source of financing.

INSURER NAME	CONTRACT OR POLICY #	INSURED OR ANNUITANT	REPLACED (R) OR FINANCING (F)
1.			
2.			
3.			

Make sure you know the facts. Contact your existing company or its agent for information about the old policy or contract. If you request one, an in force illustration, policy summary or available disclosure documents must be sent to you by the existing insurer. Ask for and retain all sales material used by the agent in the sales presentation. Be sure that you are making an informed decision.

The existing policy or contract is being replaced because: \_\_\_\_\_

I certify that the responses herein are, to the best of my knowledge, accurate:

Applicant's Signature and Printed Name <i>X</i>	Date
--	------

Producer's Signature and Printed Name <i>X</i>	Date
---	------

I do not want this notice read aloud to me. *X* (Applicants must initial only if they do not want the notice read aloud.)  
Owner's Initials

A replacement may not be in your best interest, or your decision could be a good one. You should make a careful comparison of the costs and benefits of your existing policy or contract and the proposed policy or contract. One way to do this is to ask the company or agent that sold you your existing policy or contract to provide you with information concerning your existing policy or contract. This may include an illustration of how your existing policy or contract is working now and how it would perform in the future based on certain assumptions. Illustrations should not, however, be used as a sole basis to compare policies or contracts. You should discuss the following with your agent to determine whether replacement or financing your purchase makes sense:

**PREMIUMS:** Are they affordable?  
Could they change?  
You're older—are premiums higher for the proposed new policy?  
How long will you have to pay premiums on the new policy? On the old policy?

**POLICY VALUES:** New policies usually take longer to build cash values and to pay dividends.  
Acquisition costs for the old policy may have been paid, you will incur costs for the new one.  
What surrender charges do the policies have?  
What expense and sales charges will you pay on the new policy?  
Does the new policy provide more insurance coverage?

**INSURABILITY:** If your health has changed since you bought your old policy, the new one could cost you more, or you could be turned down.  
You may need a medical exam for a new policy.  
Claims on most new policies for up to the first two years can be denied based on inaccurate statements.  
Suicide limitations may begin anew on the new coverage.

**IF YOU ARE KEEPING THE OLD POLICY AS WELL AS THE NEW POLICY:**  
How are premiums for both policies being paid?  
How will the premiums on your existing policy be affected?  
Will a loan be deducted from death benefits?  
What values from the old policy are being used to pay premiums?

**IF YOU ARE SURRENDERING AN ANNUITY OR INTEREST SENSITIVE LIFE PRODUCT:**  
Will you pay surrender charges on your old contract?  
What are the interest rate guarantees for the new contract?  
Have you compared the contract charges or other policy expenses?

**OTHER ISSUES TO CONSIDER FOR ALL TRANSACTIONS:**  
What are the tax consequences of buying the new policy?  
Is this a tax free exchange? (See your tax advisor.)  
Is there a benefit from favorable "grandfathered" treatment of the old policy under the federal tax code?  
Will the existing insurer be willing to modify the old policy?  
How does the quality and financial stability of the new company compare with your existing company?

**AGENT INFORMATION:**

# Request for Taxpayer Identification Number and Certification

**Give Form to the  
 requester. Do not  
 send to the IRS.**

<b>Print or type See Specific Instructions on page 2.</b>	<b>1</b> Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
	<b>2</b> Business name/disregarded entity name, if different from above	
	<b>3</b> Check appropriate box for federal tax classification; check only <b>one</b> of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ <b>Note.</b> For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input type="checkbox"/> Other (see instructions) ▶ _____	
	<b>4</b> Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>	
	<b>5</b> Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	<b>6</b> City, state, and ZIP code	
	<b>7</b> List account number(s) here (optional)	

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

**Note.** If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

<b>Social security number</b>											
				-			-				
<b>or</b>											
<b>Employer identification number</b>											
				-							

## Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

<b>Sign Here</b>	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at [www.irs.gov/fw9](http://www.irs.gov/fw9).

### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

*If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.*

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.



**NEW ERA LIFE INSURANCE COMPANY  
PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY  
NEW ERA LIFE INSURANCE COMPANY OF THE MIDWEST**

P. O. Box 4884 • Houston, TX 77210-4884  
11720 Katy Freeway, Suite 1700 • Houston, TX 77079  
281-368-7200 • 800-713-4680 • Fax: 281-368-7144 • www.NewEraLife.com

## **EXTERNAL TRANSFER REQUIREMENTS**

### **Forms Required for 1035 Exchanges and Transfers:**

- 1)** Authorization Form (Proper authorization from owner to Transfer Funds)
- 2)** IRS Form W-9 or certify the Tax ID number on the form provided by the new carrier. To be signed by the policyowner.
- 3)** Copy of Replacement Form (if one is used)
- 4)** Copy of an in force Annuity Illustration or, if an inforce illustration is not available, a policy summary for the replacement policy or an available disclosure document for the replacement contract.

### **General Requirements for 1035 Exchanges and Transfers:**

- Annuitant must be the same as Annuitant on File
- Owner must be the same as the Owner on File
- Transfer must be a Non-Qualified to Non-Qualified or Qualified to Qualified transfer.
- Original policy must be returned, or a lost policy statement must be provided.
- If policy is owned by a Trust, we need a copy of the page which reflects the name of the Trustee(s), and the terms and conditions of the trust.
- Irrevocable beneficiaries must sign the application as well as the owner.
- An acceptance letter signed by an Officer of the other company. If not signed by an Officer of the other company, we require a Corporate Resolution. If the company does not have a corporate resolution, we need something from the company stating that the person signing has the authority to sign on behalf of the company.
- Documentation/Form must state that the transaction requested is a 1035 Exchange, IRA Transfer or Qualified Transfer.

**Normal processing time to transfer funds is 10 working days from date of receipt of all required forms properly completed and signed.**



For  NEW ERA LIFE INSURANCE COMPANY  
 New Era  PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY  
 Company:  NEW ERA LIFE INSURANCE COMPANY OF THE MIDWEST

P. O. Box 4884 • Houston, TX 77210-4884  
 11720 Katy Freeway, Suite 1700 • Houston, TX 77079  
 281-368-7200 • 800-713-4680 • Fax: 281-368-7144 • www.NewEraLife.com

# Request for Policy/Account Transfer or Exchange

Current Trustee/Insurance Company/Financial Institution ("FI")	Policy Owner/Account Owner Name(s)
Street Address of Current Trustee/Ins. Co./FI	Policy/Account Number(s)
City State Zip of Current Trustee/Ins. Co./FI	Owner Social Security Number(s) or Tax I.D. Number(s)
Telephone Number of Current Trustee/Ins. Co./FI	Annuitant/Insured Name(s) (if other than owner)

**TRANSFER INSTRUCTIONS:**  
 Please transfer the policy/account values indicated below:

**Partial:** Transfer policy/account value totaling \$ \_\_\_\_\_ or %  
 **Complete:** Transfer all policy/account values. Surrender if an annuity policy.

Approximate Transfer Amount: \_\_\_\_\_

**FOR FULL 1035 EXCHANGES:** I, the owner, assign and transfer to the New Era Company all rights, title and interest in the above noted policy/certificate for the sole purpose of effecting a transfer exchange under Section 1035 of the Internal Revenue Code.

**When should the transfer occur?**

Transfer policy/account values immediately.  
 Transfer policy/account On or After: \_\_\_\_\_

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**NON-QUALIFIED TYPE OF TRANSFER:**

Non-Qualified Policy/Account Values, 1035 Exchange  
 Non-Qualified Funds, Non-1035 Exchange from:  
 Mutual Fund  Bank CD  Other Non-Qualified Asset

**QUALIFIED TYPE OF TRANSFER:**

**From:**  IRA, SEP  Tax-Sheltered Annuity {403(b)}  401(k) Qualified Savings Plan  
 Other \_\_\_\_\_

**To:**  IRA, SEP  
 Other \_\_\_\_\_

**Type of Qualified Transfer or Rollover::**

Direct Transfer (Rev. Rul. 90-24)  Direct Rollover (UCA-92)  
 Trustee to Trustee Transfer  Non-Direct Rollover

---

**Retirement Plan to an IRA:**  
*(To be completed only if rolling a Retirement Plan to an IRA)*

Plan Termination  Death  Disability  
 Separation from Service  Over Age 59 1/2  Divorce

**REQUIRED MINIMUM DISTRIBUTION (RMD) INFORMATION FOR QUALIFIED PLANS ONLY:**

A) Have you reached age 70½ or older in this calendar year?  YES  NO *(If the Answer to A, is NO, Disregard B & C.)*  
 B) Have you satisfied your RMD for this taxable year from the distributing plan?  YES  NO *(If the Answer to B is YES, Disregard C.)*  
 C) I direct the present custodian/trustee/insurer to:  Distribute my RMD to me before transferring my Qualified funds **or**  
 Transfer the entire amount. The RMD has been or will be made from another account.

**FOR ALL TRANSFERS:** As the owner of the account indicated above, I request the above transfer to the New Era Company (NEC) noted at the top of this form. I represent and warrant that said policy/account has not been assigned or pledged as collateral and is not subject to any lien, encumbrance, or legal proceedings of any kind, including bankruptcy. I am responsible for continuing any premium payment for my current policy/account (if necessary to keep the policy/account in force) until the surrendering company mails the policy/account proceeds to NEC. I further agree that NEC is not responsible for the tax effect of this transfer. I am responsible for all surrender charges and/or fees that result from this transfer. Please do not withhold any amount for taxes from the proceeds unless requested by me to do so or as otherwise required by law.

**My Annuity/Life policy is:**  ENCLOSED  NOT REQUIRED to process this transaction.  NOT APPLICABLE  
 LOST/DESTROYED: I/we hereby declare under penalty of perjury that the above numbered contract has been lost or destroyed; that it has not been delivered to any person having any right, title or interest in it.

**W9: I (We) certify under penalty of perjury that the Tax ID(s) furnished on this form is/are true and correct.**

Signed at (City, State): \_\_\_\_\_ Date: \_\_\_\_\_

**X** \_\_\_\_\_ **X** \_\_\_\_\_  
 Signature of Policy Owner(s) Signature Guarantee (If Required.) Signature of Agent

**ACCEPTANCE BY HOME OFFICE**

The New Era Company noted above acknowledges that an application has been received from the Owner to establish an account for this transaction to the extent shown above. NEC will accept the 1035 exchange, transfer or rollover shown to be credited to the account of the Owner.

**Make check payable to: New Era Company noted above • PO Box 4884 • Houston, TX 77210-4884 • FBO the owner(s) noted above.**

\_\_\_\_\_  
 NEC Policy Number Authorized Signature/Title Date



**New Era Life Insurance Company  
Philadelphia American Life Insurance Company  
New Era Life Insurance Company of the Midwest**

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## **BUYER'S GUIDE TO FIXED DEFERRED ANNUITIES**

New Era Life Insurance Companies  
11720 Katy Fwy., Ste. 1700  
Houston, TX 77079  
1-800-713-4680

It is important that you understand the differences among various annuities so you can choose the kind that best fits your needs. This guide focuses on fixed deferred annuity contracts. There is, however, a brief description of variable annuities. This Guide isn't meant to offer legal, financial or tax advice. You may want to consult independent advisors. At the end of this Guide are questions you should ask your agent or the company. Make sure you're satisfied with the answers before you buy.

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### **WHAT IS AN ANNUITY?**

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An annuity is a contract in which an insurance company makes a series of income payments at regular intervals in return for a premium or premiums you have paid. Annuities are most often bought for future retirement income. Only an annuity can pay an income that can be guaranteed to last as long as you live.

An annuity is neither a life insurance nor a health insurance policy. It's not a savings account or a savings certificate. You shouldn't buy an annuity to reach short-term financial goals.

Your value in an annuity contract is the premiums you've paid, less any applicable charges, plus interest credited. The insurance company uses the value to figure the amount of most of the benefits that you can choose to receive from an annuity contract. This guide explains how interest is credited as well as some typical charges and benefits of annuity contracts.

A deferred annuity has two parts or periods. During the accumulation period, the money you put into the annuity, less any applicable charges, earns interest. The earnings grow tax-deferred as long as you leave them in the annuity. During the second period, called the payout period, the company pays income to you or to someone you choose.

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## WHAT ARE THE DIFFERENT KINDS OF ANNUITIES?

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This guide explains major differences in different kinds of annuities to help you understand how each might meet your needs. But look at the specific terms of an individual contract you're considering and the disclosure document you receive. If your annuity is being used to fund or provide benefits under a pension plan the benefits you get will depend on the terms of the plan. Contact your pension plan administrator for information.

*This Buyer's Guide will focus on individual fixed deferred annuities.*

### Single Premium or Multiple Premium

You pay the insurance company only one payment for a single premium annuity. You make a series of payments for a multiple premium annuity. There are two kinds of multiple premium annuities. One kind is a flexible premium contract. Within set limits, you pay as much premium as you want, whenever you want. In the other kind, a scheduled premium annuity, the contract spells out your payments and how often you'll make them.

### Immediate or Deferred

With an immediate annuity, income payments start no later than one year after you pay the premium. You usually pay for an immediate annuity with one payment.

The income payments from a deferred annuity often start many years later. Deferred annuities have an accumulation period, which is the time between when you start paying premiums and when income payments start.

### Fixed or Variable

- Fixed

During the accumulation period of a fixed deferred annuity, your money (less any applicable charges) earns interest at rates set by the insurance company or in a way spelled out in the annuity contract. The company guarantees that it will pay no less than a minimum rate of interest. During the payout period, the amount of each income payment to you is generally set when the payments start and will not change.

- Variable

During the accumulation period of a variable annuity the insurance company puts your premiums (less any applicable charges) into a separate account. You decide how the company will invest those premiums, depending on how much risk you want to take. You may put your premium into a stock, bond or other account, with no guarantees, or into a fixed account, with a minimum guaranteed interest. During the payout period of a variable annuity, the amount of each income payment to you may be fixed (set at the beginning) or variable (changing with the value of the investments in the separate account).

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## HOW ARE THE INTEREST RATES SET FOR MY FIXED DEFERRED ANNUITY?

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During the accumulation period, your money (less any applicable charges) earns interest at rates that change from time to time. Usually, what these rates will be is entirely up to the insurance company.

### Current Interest Rate

The current rate is the rate the company decides to credit to your contract at a particular time. The company will guarantee it will not change for some time period.

The initial rate is an interest rate the insurance company may credit for a set period of time after you first buy your annuity. The initial rate in some contracts may be higher than it will be later. This is often called a bonus rate.

The renewal rate is the rate credited by the company after the end of the set time period. The contract tells how the company will set the renewal rate, which may be tied to an external reference or index.

## Minimum Guaranteed Rate

The minimum guaranteed interest rate is the lowest rate your annuity will earn. This rate is stated in the contract.

## Multiple Interest Rates

Some annuity contracts apply different interest rates to each premium you pay or to premiums you pay during different time periods.

Other annuity contracts may have two or more accumulated values that fund different benefit options. These accumulated values may use different interest rates. You get only one of the accumulated values depending on which benefit you choose.

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## WHAT CHARGES MAY BE SUBTRACTED FROM MY FIXED DEFERRED ANNUITY?

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Most annuities have charges related to the cost of selling or servicing it. These charges may be subtracted directly from the contract value. Ask your agent or the company to describe the charges that apply to your annuity. Some examples of charges, fees and taxes are:

### Surrender or Withdrawal Charges

If you need access to your money, you may be able to take all or part of the value out of your annuity at any time during the accumulation period. If you take out part of the value, you may pay a withdrawal charge. If you take out all of the value and surrender, or terminate, the annuity, you may pay a surrender charge. In either case, the company may figure the charge as a percentage of the value of the contract, of the premiums you've paid or of the amount you're withdrawing. The company may reduce or even eliminate the surrender charge after you've had the contract for a stated number of years. A company may waive the surrender charge when it pays a death benefit.

Some annuities have stated terms. When the term is up, the contract may automatically expire or renew. You're usually given a short period of time, called a window, to decide if you want to renew or surrender the annuity. If you surrender during the window, you won't have to pay surrender charges. If you renew, the surrender or withdrawal charges may start over.

In some annuities, there is no charge if you surrender your contract when the company's current interest rate falls below a certain level. This may be called a bail-out option.

In a multiple-premium annuity, the surrender charge may apply to each premium paid for a certain period of time. This may be called a rolling surrender or withdrawal charge.

Some annuity contracts have a market value adjustment feature. If interest rates are different when you surrender your annuity than when you bought it, a market value adjustment may make the cash surrender value higher or lower. Since you and the insurance company share this risk, an annuity with a MVA feature may credit a higher rate than an annuity without that feature.

Be sure to read the Tax Treatment section and ask your tax advisor for information about possible tax penalties on withdrawals.

### Free Withdrawal

Your annuity may have a limited free withdrawal feature. That lets you make one or more withdrawals without a charge. The size of the free withdrawal is often limited to a set percentage of your contract value. If you make a larger withdrawal, you may pay withdrawal charges. You may lose any interest above the minimum guaranteed rate on the amount withdrawn. Some annuities waive withdrawal charges in certain situations, such as death, confinement in a nursing home or terminal illness.

### Contract Fee

A contract fee is a flat dollar amount charged either once or annually.

### Transaction Fee

A transaction fee is a charge per premium payment or other transaction.



## Percentage of Premium Charge

A percentage of premium charge is a charge deducted from each premium paid. The percentage may be lower after the contract has been in force for a certain number of years or after total premiums paid have reached a certain amount.

## Premium Tax

Some states charge a tax on annuities. The insurance company pays this tax to the state. The company may subtract the amount of the tax when you pay your premium, when you withdraw your contract value, when you start to receive income payments or when it pays a death benefit to your beneficiary.

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## WHAT ARE SOME FIXED DEFERRED ANNUITY CONTRACT BENEFITS?

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### Annuity Income Payments

One of the most important benefits of deferred annuities is your ability to use the value built up during the accumulation period to give you a lump sum payment or to make income payments during the payout period. Income payments are usually made monthly but you may choose to receive them less often. The size of income payments is based on the accumulated value in your annuity and the annuity's benefit rate in effect when income payments start. The benefit rate usually depends on your age and sex, and the annuity payment option you choose. For example, you might choose payments that continue as long as you live, as long as your spouse lives or for a set number of years.

There is a table of guaranteed benefit rates in each annuity contract. Most companies have current benefit rates as well. The company can change the current rates at any time, but the current rates can never be less than the guaranteed benefit rates. When income payments start, the insurance company generally uses the benefit rate in effect at that time to figure the amount of your income payment.

Companies may offer various income payment options. You (the owner) or another person that you name may choose the option. The options are described here as if the payments are made to you.

**Life Only** -- The company pays income for your lifetime. It doesn't make any payments to anyone after you die. This payment option usually pays the highest income possible. You might choose it if you have no dependents, if you have taken care of them through other means or if the dependents have enough income of their own.

**Life Annuity with Period Certain** -- The company pays income for as long as you live and guarantees to make payments for a set number of years even if you die. This period certain is usually 10 or 20 years. If you live longer than the period certain, you'll continue to receive payments until you die. If you die during the period certain, your beneficiary gets regular payments for the rest of that period. If you die after the period certain, your beneficiary doesn't receive any payments from your annuity. Because the "period certain" is an added benefit, each income payment will be smaller than in a life-only option.

**Joint and Survivor** -- The company pays income as long as either you or your beneficiary lives. You may choose to decrease the amount of the payments after the first death. You may also be able to choose to have payments continue for a set length of time. Because the survivor feature is an added benefit, each income payment is smaller than in a life-only option.

### Death Benefit

In some annuity contracts, the company may pay a death benefit to your beneficiary if you die before the income payments start. The most common death benefit is the contract value or the premiums paid, whichever is more.

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## CAN MY ANNUITY'S VALUE BE DIFFERENT DEPENDING ON MY CHOICE OF BENEFIT?

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While all deferred annuities offer a choice of benefits, some use different accumulated values to pay different benefits. For example, an annuity may use one value if annuity payments are for retirement benefits and a different value if the annuity is

surrendered. As another example, an annuity may use one value for long-term care benefits and a different value if the annuity is surrendered. You can't receive more than one benefit at the same time.

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## WHAT ABOUT THE TAX TREATMENT OF ANNUITIES?

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Below is a general discussion about taxes and annuities. You should consult a professional tax advisor to discuss your individual tax situation.

Under current federal law, annuities receive special tax treatment. Income tax on annuities is deferred, which means you aren't taxed on the interest your money earns while it stays in the annuity. Tax-deferred accumulation isn't the same as tax-free accumulation. An advantage of tax deferral is that the tax bracket you're in when you receive annuity income payments may be lower than the one you're in during the accumulation period. You'll also be earning interest on the amount you would have paid in taxes during the accumulation period. Most states' tax laws on annuities follow the federal law.

Part of the payments you receive from an annuity will be considered as a return of the premium you've paid. You won't have to pay taxes on that part. Another part of the payments is considered interest you've earned. You must pay taxes on the part that is considered interest when you withdraw the money. You may also have to pay a 10% tax penalty if you withdraw the accumulation before age 59½. The Internal Revenue Code also has rules about distributions after the death of a contract holder.

Annuities used to fund certain employee pension benefit plans (those under Internal Revenue Code Sections 401(a), 401(k), 403(b), 457 or 414) defer taxes on plan contributions as well as on interest or investment income. Within the limits set by the law, you can use pretax dollars to make payments to the annuity. When you take money out, it will be taxed.

You can also use annuities to fund traditional and Roth IRAs under Internal Revenue Code Section 408. If you buy an annuity to fund an IRA, you'll receive a disclosure statement describing the tax treatment.

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## WHAT IS A "FREE LOOK" PROVISION?

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Many states have laws which give you a set number of days to look at the annuity contract after you buy it. If you decide during that time that you don't want the annuity, you can return the contract and get all your money back. This is often referred to as a free look or right to return period. The free look period should be prominently stated in your contract. Be sure to read your contract carefully during the free look period.

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## HOW DO I KNOW IF A FIXED DEFERRED ANNUITY IS RIGHT FOR ME?

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The questions listed below may help you decide which type of annuity, if any, meets your retirement planning and financial needs. You should think about what your goals are for the money you may put into the annuity. You need to think about how much risk you're willing to take with the money. Ask yourself:

- How much retirement income will I need in addition to what I will get from Social Security and my pension?
- Will I need that additional income only for myself or for myself and someone else?
- How long can I leave my money in the annuity?
- When will I need income payments?
- Does the annuity let me get money when I need it?
- Do I want a fixed annuity with a guaranteed interest rate and little or no risk of losing the principal?
- Do I want a variable annuity with the potential for higher earnings that aren't guaranteed and the possibility that I may risk losing principal?
- Or, am I somewhere in between and willing to take some risks with an equity-indexed annuity?

## WHAT QUESTIONS SHOULD I ASK MY AGENT OR THE COMPANY?

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- Is this a single premium or multiple premium contract?
- Is this an equity-indexed annuity?
- What is the initial interest rate and how long is it guaranteed?
- Does the initial rate include a bonus rate and how much is the bonus?
- What is the guaranteed minimum interest rate?
- What renewal rate is the company crediting on annuity contracts of the same type that were issued last year?
- Are there withdrawal or surrender charges or penalties if I want to end my contract early and take out all of my money? How much are they?
- Can I get a partial withdrawal without paying surrender or other charges or losing interest?
- Does my annuity waive withdrawal charges for reasons such as death, confinement in a nursing home or terminal illness?
- Is there a market value adjustment (MVA) provision in my annuity?
- What other charges, if any, may be deducted from my premium or contract value?
- If I pick a shorter or longer payout period or surrender the annuity, will the accumulated value or the way interest is credited change?
- Is there a death benefit? How is it set? Can it change?
- What income payment options can I choose? Once I choose a payment option, can I change it?

## FINAL POINTS TO CONSIDER

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Before you decide to buy an annuity, you should review the contract. Terms and conditions of each annuity contract will vary.

Ask yourself if, depending on your needs or age, this annuity is right for you. Taking money out of an annuity may mean you must pay taxes. Also, while it's sometimes possible to transfer the value of an older annuity into a new annuity, the new annuity may have a new schedule of charges that could mean new expenses you must pay directly or indirectly.

You should understand the long-term nature of your purchase. Be sure you plan to keep an annuity long enough so that the charges don't take too much of the money you put in. Be sure you understand the effect of all charges.

If you're buying an annuity to fund an IRA or other tax-deferred retirement program, be sure that you're eligible. Also, ask if there are any restrictions connected with the program.

Remember that the quality of service that you can expect from the company and the agent is a very important factor in your decision.

When you receive your annuity contract, **READ IT CAREFULLY!!** Ask the agent and company for an explanation of anything you don't understand. Do this before any free look period ends.

Compare information for similar contracts from several companies. Comparing products may help you make a better decision.

If you have a specific question or can't get answers you need from the agent or company, contact your state insurance department.



**Thank you for  
completing product  
training for our Annuity  
products. Please  
complete the last page  
of this training to  
certify your completion  
of the training.**



# Certificate of Completion

As an appointed agent of the New Era Life Insurance Family of Companies it is important that you understand our products and our consumer oriented philosophy. If you have any questions about the training material that you have just reviewed or our Company philosophy, please feel free to call our Marketing Department at 877-368-4692.

I certify that I have completely reviewed and understand the **SECURE CHOICE & EXCHANGE CHOICE Annuity Product Training** material.

Revised on June 10, 2015

**Signature:**

*X*

\_\_\_\_\_

Printed Name:

\_\_\_\_\_

Social Security #:

\_\_\_\_\_

Agent Number:

\_\_\_\_\_

(If Known)

Date:

\_\_\_\_\_

**Please send this completed certification page to one of the following:**

**Mail:**

New Era Life Insurance Companies  
Attn: Marketing  
PO Box 4884 Houston, TX 77210-4884

**Fax:** 281-368-7282