



WESTERN UNITED LIFE
ASSURANCE COMPANY SM

Single Premium Deferred and Immediate Annuities

Annuity Product Training



SPDA and SPIA Training

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Definitions

- **Annuitant**

- The Annuitant's gender and age on the Contract Date is the measuring life that determines the annuity benefits. Annuity payments are paid to the Annuitant, unless otherwise directed by the Owner, and subject to the terms of the Contract. Joint Annuitants are only allowed in cases where 1035 Exchanges are received.

- **Beneficiary**

- The person, people, or entities named in the application who will receive the benefits if the Annuitant dies, unless changed by the Owner, as described in Death of Annuitant in the Contract.
- The Beneficiary will be provided with payout options depending on the terms of the Contract, and according to IRS regulations. Refer to the Election by Beneficiary section under Settlement Options in the Contract for more details. If Annuity Payments have begun, the Company will continue to pay the remainder of payments certain upon death of the Annuitant. Death benefits are not available on Life Only Options.
- The Company will pay beneficiaries in the following order of priority unless otherwise stated on the application (or changed by the Owner):
 - The Primary Beneficiary - the Company will pay equal shares to each (if more than one is living).
 - The Contingent Beneficiary - if no Primary Beneficiary is living when the payment is due, the Company will pay equal shares to each (if more than one is living).
 - If no designated Beneficiary is living at the Annuitant's death, the proceeds will be paid to the Annuitant's estate.

Definitions *(continued)*

- **Owner**

- The Owner is the primary Owner and any Joint Owner. The primary Owner is usually the Annuitant, unless otherwise specified.
- The contract belongs to the Owner(s). The Owner(s) controls all rights and privileges of the Contract, including but not limited to transferring ownership, assigning or surrendering the contract, and naming the beneficiary(ies).
 - Distributions are reported under the Primary Owner's tax identification number.
 - The Owner(s) may change the Beneficiary designation in writing any time during the Annuitant's lifetime.
 - The Owner(s) may choose the Payee of this Contract.
 - During the Annuitant's lifetime, but prior to the Maturity Date, the Owner(s) may choose to change the Maturity Date to a later date, but no later than the Anniversary prior to the Annuitant's 105th birthday.

- **Contingent Owner**

- The Contingent Owner refers to the person(s) that becomes the Owner(s) if the Owner dies.
- **SPIAs Only** - If no Contingent Owner is designated or the designated Contingent Owner is not alive at the Owner's death, all ownership rights shall vest in the Owner's estate or its successors.

- **Payee**

- The Payee refers to whomever the Owner has designated to receive the annuity payments during the lifetime of the Annuitant. If the Annuitant dies, the Beneficiary has the right to change the Payee.



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Single Premium Deferred Annuity

Overview



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How does the Annuity Value grow?

- The annuity earns tax-deferred interest at a guaranteed minimum rate for a guaranteed period.
- When your client purchases an annuity, they choose a guarantee period. The guaranteed rate depends on the product chosen and the current market interest rates.
- There are no set-up charges or administrative expense charges for purchasing this annuity. 100% of the premium paid accumulates interest from the Annuity Date, which is the date of issue.
- Interest is credited to the Annuity Value daily. Interest accrued and unpaid is compounded annually. If any Partial Surrenders (withdrawals) are taken during the Contract Year, it will reduce the value of the annuity and the interest earned due to an interruption of the interest compounding.
- All interest rates quoted in the annuity Contract are on an effective annual yield basis.
- The Annuity Value of the Contract at any time is the single premium paid, plus interest, less any Partial Surrenders. The Annuity Value is used to determine the annuity payout.

Annuity Income (payouts)

- During the Annuitant's lifetime, upon the Contract Maturity Date, or when elected by the Owner, the value of the contract may be applied towards one of the following Settlement Options:
 - **Single Life Annuity:** Guarantees income for the lifetime of the Annuitant. Payments will end upon death of the Annuitant. (Please note a Hold Harmless Agreement will be required if the client selects this option.)
 - **Life Annuity with Payments Certain:** Guarantees income for the greater of the Annuitant's lifetime or the "period certain" selected (from 5 to 20 years). If the Annuitant dies within the period certain, it pays income to the Beneficiary for the rest of the period.
 - **Life Annuity with Installment Refund:** Guarantees income for the lifetime of the Annuitant. If the Annuitant dies before receiving payments equal to the original Single Premium, the payments will continue to the Beneficiary for the rest of the installment period.
 - **Life Annuity for Joint and Last Survivor :** Guarantees income throughout the lifetime of both Annuitants. If the first Annuitant dies, the payments will continue until the death of the last surviving Annuitant. (Please note a Hold Harmless Agreement will be required if the client selects this option.)

Annuity Income (payouts) *(continued)*

- **Life Expectancy:** Guarantees income for a number of years, no later than the anniversary prior to the Annuitant's 105th birthday. If the Annuitant dies prior to the designated number of years, the payments will continue to the Beneficiary for the rest of the period.
- **Payments for a Designated Period:** Guarantees income for a fixed period selected between 5 and 30 years. If the Annuitant dies prior to the designated number of years, the payments will continue to the Beneficiary for the rest of the period.
- **Interest Income:** Guarantees interest payments for a selected period not to exceed 30 years, with the single sum balance paid at the end of the selected period. If the Annuitant dies prior to the designated period, the remaining balance is paid to the Beneficiary in a single sum payout.
- **Single sum:** one single sum payout.
- If, on the Maturity Date, a Settlement Option has not been chosen, Western United will apply the Annuity Value of the contract to provide a Life Income with 10 years certain.
- Once settlement payouts begin (Settlement Date), the annuity contract cannot be surrendered (cancelled).
- Payments can be deposited directly into a bank account, so there's never a worry about how long it will take for them to arrive in the mail. Payments may also be sent to one or multiple third parties for use in paying expenses such as life insurance or long-term health care policies.

Partial and/or Full Surrenders

- Money can be taken out of the annuity any time before the settlement date.
- The client may withdraw all (Full Surrender) or part (Partial Surrender) of the annuity's value.
 - Partial surrender requests must be at least \$250 or the Maximum Free Partial Surrender Amount (penalty free amount); and at least \$500 must remain in the annuity Contract to keep it open.
 - Depending on the annuity plan chosen, Partial surrenders may be requested without penalty provided they do not exceed the Maximum Free Partial Surrender Amount of:
 - a) accumulated interest or Required Minimum Distribution (RMD), or
 - b) 15% per calendar year.
 - Partial or full surrender requests that exceed the penalty free amount are subject to Surrender Charges according to the plan chosen.
 - Depending on the annuity plan chosen, if the annuity contract is surrendered before the end of the Surrender Charge period, the client may not receive the original premium back due to the surrender charges.
 - A partial or full surrender of the annuity Contract can be requested at any time by completing a Distribution Request form, which can be faxed, emailed or mailed to our office.

Death Benefits

- If the Annuitant dies before payments have begun under a Settlement Option, surrender charges are waived. The Beneficiary can choose to receive the annuity value as a single sum or under an available settlement option.
 - If the Annuitant dies after payments have begun, the remaining value, if any, will be paid to the Beneficiary according to the Settlement Option chosen.
- If the Owner dies while the Annuitant is still alive, surrender charges are *not* waived.
 - The Annuity Value must be distributed to the Beneficiary within 5 years, or be paid out in installments as governed by the Internal Revenue Service (IRS). Therefore, if this Contract is paid out before the end of the Surrender Charge Period, the Beneficiary may not receive the original premium back due to the surrender charges (depending on the annuity plan chosen).
- If the Annuitant/Owner dies, and the sole Beneficiary is the Owner's surviving spouse (or civil union partner, or domestic partner, if required by law) that person may continue the contract as if they were the original Owner rather than take the proceeds.
- Please refer to the Death Benefits section of the annuity Contract for more information.

Taxes

- This annuity is tax-deferred, meaning the client doesn't pay taxes on the interest it earns until the money is paid out.
 - When the client takes a payment or makes a withdrawal, they pay ordinary income taxes on the earned interest. There may also be a 10% federal income tax penalty on earnings a client withdraws before age 59½. There may be exceptions to this penalty.
- There is no tax advantage to buying an annuity with qualified (pre-tax) money, as all distributions may be taxable.
 - Choose an annuity based on its other features and benefits, as well as its risks and costs, not its tax benefits.
 - Please recommend your client consult with an accountant or tax advisor regarding any special limitations or restrictions.
- It is possible to exchange one tax-deferred annuity for another without paying taxes on the earnings when the exchange is made.
 - Before requesting an exchange, the client should compare the benefits, features, and costs of the two annuities and review with a tax adviser.



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Single Premium Deferred Annuity

Contract Plan Schedules



Discovery Series

The **Discovery Series** annuities guarantee the Initial Interest Rate for 3, 5, 6 or 7 years. In addition, earned interest is not taxable until withdrawn.

- **Issue Ages** – This is the actual age of the Annuitant at the time the Contract is issued. The Annuitant issue ages are 0-99 for the Discovery 3; 0-84 for the Discovery 5 and 6; and 0-80 for the Discovery 7.
- **Premium** – The minimum premium amount is \$10,000 (\$25,000 for the Discovery 6) and the maximum is \$1,000,000. The Home Office may consider greater amounts; however, they must be approved prior to receiving the application.
- **Premium Return** – If the Contract is surrendered or paid out at the death of the Owner prior to the end of the Surrender Charge Period, a partial loss of the single premium may result per the Surrender Value provision of the Contract. Annuity Value is payable upon the death of the Annuitant pursuant to the terms of this Contract.
- **Maximum Free Partial Surrender Amount** – The Discovery 3 allows Accumulated Interest or Required Minimum Distributions (RMD) only; and the Discovery 5, 6 and 7 allow 15% per calendar year.
- **Surrender Charge Schedule** – The Surrender Charges within the Contract Year of the Partial or Full Surrender are:

Contract Year	1	2	3	4	5	6	7	8
Discovery 3	6%	5%	4%					
Discovery 5	8%	7%	6%	5%	4%			
Discovery 6	8%	7%	6%	5%	4%	3%		
Discovery 7	8%	7%	6%	5%	4%	3%	2%	

Future Select Series

The **Future Select** annuities guarantee the Initial Interest Rate for 5 or 7 years. In addition, earned interest is not taxable until withdrawn.

- **Issue Ages** – This is the actual age of the Annuitant at the time the Contract is issued. The Annuitant issue ages are 0-90 for the Future Select 5; 0-84 for the Future Select 7.
- **Premium** – The minimum premium amount is \$10,000 and the maximum is \$1,000,000. The Home Office may consider greater amounts; however, they must be approved prior to receiving the application.
- **Guaranteed Premium Return** – These plans guarantee the premium return. In no event will the Surrender Value be less than the premium paid, less Partial Surrenders.
- **Maximum Free Partial Surrender Amount** – The Future Select 5 and 7 allow 15% per calendar year.
- **Surrender Charge Schedule** – The Surrender Charges within the Contract Year of the Partial or Full Surrender are:

Contract Year	1	2	3	4	5	6	7	8
Future Select 5	8%	7%	6%	5%	4%			
Future Select 7	8%	7%	6%	5%	4%	3%	2%	



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Single Premium Immediate Annuity

SPIA Contract Overview



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SPIA Overview

- Single Premium Immediate Annuity (SPIA) is a single premium annuity contract. There are no set-up charges or administrative expense charges. 100% of the premium paid accumulates interest from the Contract Date, which is the date of issue.
- Because of the unique way in which Immediate Annuities are taxed they provide a way of increasing income over most other common investments. Each payment is part principal and part interest with only the interest portion being taxable (until the total principal has been distributed). Usually this means larger payments and lower taxes. This applies to Non-Qualified funds only. Please have your client consult with an accountant or tax advisor regarding any special limitations and/or restrictions.
- In the event of the Annuitant's death, payments may continue or end, depending on the payment option elected.
- The Company will not grant any loan on the security of the contract. The contract provides no surrender value for cash or otherwise.
- Once issued, the amount or frequency of the payments cannot be changed.
- The contract expires and ceases to be in force once the last annuity payment has been paid.



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Single Premium Immediate Annuity

Payment Schedule Options



SPIA Payout Options

- In exchange for a single premium, Western United Life will provide guaranteed modal (monthly, quarterly, semi-annual, or annual) payments to the Payee designated on the Application, in accordance with one of the following options. Payments begin one mode after receipt of the single premium paid.
 - **Period Certain:** Guarantees income for the number of years elected, such as 10 or 15 years certain. If the Annuitant dies before the end of the elected period certain, payments will continue to the named Beneficiary for the remainder of the period certain. Note: The fixed period must be at least 10 years.
 - **Fixed Payment:** Provides income payments for an elected dollar amount (not less than \$100 per year for each \$1,000 applied) payable until the single premium plus interest is exhausted. If the Annuitant dies before the single premium plus interest is gone, the remainder of the payments will continue to the named Beneficiary. Note: The fixed payment period must be at least 10 years.

SPIA Payout Options (continued)

- **Life and Period Certain:** Guarantees income for the greater of the Annuitant's lifetime, or the number of years elected; 5, 10, 15, or 20 years certain. (Joint Life is also available.) If the Annuitant dies before the end of the period certain, payments will continue to the named Beneficiary for the remainder of the period certain.
- **Life Installment Refund:** Guarantees income for the lifetime of the Annuitant. (Joint Life is also available.) If the Annuitant dies before the single premium has been paid, payments will continue to the named Beneficiary until the remaining single premium paid is returned.
- **Note:** For Life Options only, upon death of the Annuitant, the Beneficiary may have the right to receive the commuted value of installments.

The logo features a stylized sun with several triangular rays of varying lengths and widths, all pointing outwards from a central point.

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Suitability Analysis for Your Clients

Is the Product Right for Your Client?

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Suitability

- When recommending the purchase of an annuity to a client, suitability regulations require a producer to have “reasonable grounds” to believe the recommended annuity is suitable for that client. This requires getting to know your customer. You are required to make reasonable efforts to obtain the following information prior to making a recommendation:
 - Age
 - Annual income
 - Financial situation and needs, including the financial resources used for the funding of the annuity
 - Financial experience
 - Financial objectives
 - Intended use of the annuity
 - Financial time horizon
 - Existing assets, including investment and life insurance holdings
 - Liquidity needs
 - Liquid net worth
 - Risk tolerance
 - Tax status
 - Whether or not the consumer has a reverse mortgage

Suitability (continued)

- In addition to reviewing the above information, following are other items that should be discussed with the client to ensure you have reasonable grounds to believe the annuity is suitable:
 - Has the client been reasonably informed of various features of the annuity? These include the potential surrender period and surrender charge, potential tax penalty if the consumer sells, exchanges, surrenders, or annuitizes the annuity, investment advisory fees, and limitations on interest returns.
 - Will the client receive a tangible net benefit from the transaction? Examples are tax-deferred growth, annuitization, and/or death benefits.
 - Is the particular annuity you are recommending suitable? In the case of an exchange or replacement, is the entire transaction suitable for the particular client based on his or her suitability information?

Suitability (continued)

- In the case of an exchange or replacement of an annuity, is the exchange or replacement suitable, taking into consideration all of the following?:
 - Whether the client will incur a surrender charge on the existing product, or lose existing benefits, such as death, living, or other contractual benefits. Do they understand they will start a new surrender charge period on the new product?
 - What are the existing product features or benefits not included in the new product?
 - What are the new product features or benefits not available in the existing product? Whether the client has had another annuity exchange or replacement and, in particular, an exchange or replacement within the preceding 36 months (or longer if required by state regulations).
 - Is the client taking interest income, Required Minimum Distributions (RMD), or other distributions from the existing product? If so, will the new product allow these distributions?
 - If the client has full access to their money without penalty on the existing product, will the free withdrawal and/or annuitization provisions of the new product be adequate for the client's cash needs? Are there other assets available to utilize?

Suitability (continued)

- If the client chooses not to provide the requested information on the Suitability Analysis, please be sure to document the reason why they made this choice for your records. Please note the Company may choose to not issue the annuity contract due to lack of suitability information.
- If the client decides to enter into an annuity transaction that is not based on your recommendation, the Company will require a letter signed by the customer acknowledging that the annuity transaction is not recommended prior to issuing a contract.
- As an insurance producer you may not dissuade, or attempt to dissuade, a consumer from any of the following:
 - Truthfully responding to our request for confirmation of suitability information.
 - Filing a complaint.
 - Cooperating with the investigation of a complaint.

Other

- Your client has thirty (30) days after receipt of the annuity Contract to review it.
 - If the client is not satisfied with it for any reason, he or she may return it with a written request to Western United Life Assurance Company or to you, the insurance producer who sold it, for a full refund of the premium paid. Upon receipt of the request, the Contract will be void from the start, and a full premium refund will be made.
- The contracts referred to in this Training are annuities offered by an insurance company and are not insured by FDIC. They are not the product of, nor are they guaranteed by, any bank.
- We may change the annuity contract from time to time to follow federal or state laws and regulations. If we do, we will let you and the client know about the changes in writing.
- Western United Life Assurance Company does not provide legal or tax advice. A personal tax advisor should be consulted on any specific points that may be of importance to the client.
- This product training is intended to give you an overview of our products, but cannot cover everything. As a Producer, you are responsible for understanding the rules and regulations of each state you are appointed in.

Avoid Delays!

- We do not accept or issue applications based on where the application is signed. The Producer(s) must be appointed in, and the contract will be issued according to, the *Owner's resident state*.
- We require original documents unless clearly marked that the form can be accepted as a fax or by email.
- All changes or corrections must be initialed by the contract owner(s). White out is not acceptable.
- Please print the appropriate application packet for the Owner's resident state. Not all states follow the same replacement, suitability and/or compliance regulations, meaning that the forms are not interchangeable. If in doubt, please call the Annuity Operations office at 800-247-2045 or email AnnuityServices@wula.com.
- Most states require that the Annuity Buyer's Guide MUST be delivered to the client at the initial meeting (when writing the application). Even if it's not required, we urge you to offer it to your clients as a great learning tool.
- We will review the Suitability Analysis, and may have to ask for further justification. In addition, if the client chooses not to answer the financial suitability questions, all processing stops until we send out, and receive back a "No Recommendation" letter in our Annuity Operations office signed by the client.



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Producer Compensation and Marketing Support



Producer Compensation

- **Commission Amounts**
 - Consult your personal Annuity Commission Schedule for details
- **Commission Chargebacks**
 - **Contracts With Issue Ages 0 - 79**
 - Commissions paid on any contract that is surrendered in part or full for cash, or terminated due to a death claim during the first six months after issue or any deposit, will be charged back 100% during months 1-3, and 50% during months 4-6.
 - **Contracts With Issue Ages 80+**
 - Commissions paid on any contract that is surrendered in part or full for cash, or terminated due to a death claim during the first twelve months after issue or any deposit, will be charged back 100% during months 1-6, and 50% during months 7-12.
 - **Guaranteed Premium Return**
 - Commissions paid on plans with a guaranteed return of premium and an effective date after May 18th, 2015, that is surrendered in part or full for cash during the first twenty-four months after issue, will be charged back 100% during months 1-12, and 50% during months 13-24. If terminated due to a death claim refer to the Contract Issue Age conditions.

Producer Compensation

- **Commission Chargebacks (continued)**
 - **Annuitization**
 - Commissions paid on any deferred annuity that is annuitized within one year of issue will be charged back 100%.
 - **Contract Delivery**
 - State regulations require that you, as a representative of Western United Life Assurance Company (WULA), deliver our client's contracts within a reasonable period of time after issuance. It is not acceptable for you to merely obtain a receipt indicating a delivery and then to retain the contract, for safekeeping or otherwise, in your possession. Failure to deliver the contract within a reasonable period of time may subject you and WULA to state penalties, or render the contract null and void at which time commissions will be charged back 100% .

Producer Compensation

- **Commission Chargebacks (continued)**
 - **Outstanding Requirements**
 - Outstanding requirements that have not been received in the Home Office within 30 days of the application received date (contract not issued/pending), or 65 days from the Contract Issue Date (contract issued/active), will be reviewed for possible further action. Upon review, the Company may decide to cancel the application, or surrender the issued contract. If a commission was paid, it will be charged back 100%.
- **Non-Commission Transactions**
 - Internal premiums from existing WULA annuity contracts to existing WULA annuity contracts will not generate commission payments.
 - Internal premiums from existing WULA deferred annuity contracts to new Single Premium Immediate Annuity (SPIA) contracts, that generate the same payments as annuitizing the existing deferred contract, will not generate commission payments.

Producer Compensation

- **Premium Tax States** – South Dakota and Wyoming charge premium taxes; therefore, commission rates are adjusted accordingly.
 - Comm Rate – is the rate for Contracts issued in all states except for non-qualified premiums for South Dakota and Wyoming.
 - South Dakota Rate 1 – Contracts issued with up to \$500,000 in non-qualified premiums.
 - South Dakota Rate 2 – Additional non-qualified premiums over \$500,000 on the same Contract.
 - Wyoming Rate – Contracts issued with non-qualified premiums.

Marketing Support

- Please contact your Regional Director or our Marketing Administration team
 - Western United Life Home Office and Manhattan Life Annuity Operations Office
 - Phone: 800.247.2045
 - Email: AnnuityServices@wula.com
- Marketing Materials, New Business and Contract Administration Forms:
 - Get the most current forms and supplies at the Annuity Producer's Resource Center webpage by going to the Agent Resource Center at www.manhattanlife.com then clicking "Annuity producers must click here to login".
 - You will also have access to your clients and their Annuity Contract Information here.
- Annuity Operations Direct Mail:
 - Western United Life and Manhattan Life
929 W Sprague Ave
PO Box 2290
Spokane WA 99210-2217
- Annuity Operations Overnight/FedEx:
 - Western United Life and Manhattan Life
929 W Sprague Ave
Spokane WA 99201