Annuity

A Sammons Financial Company

Issued by North American Company for Life and Health Insurance®

A legacy that lasts

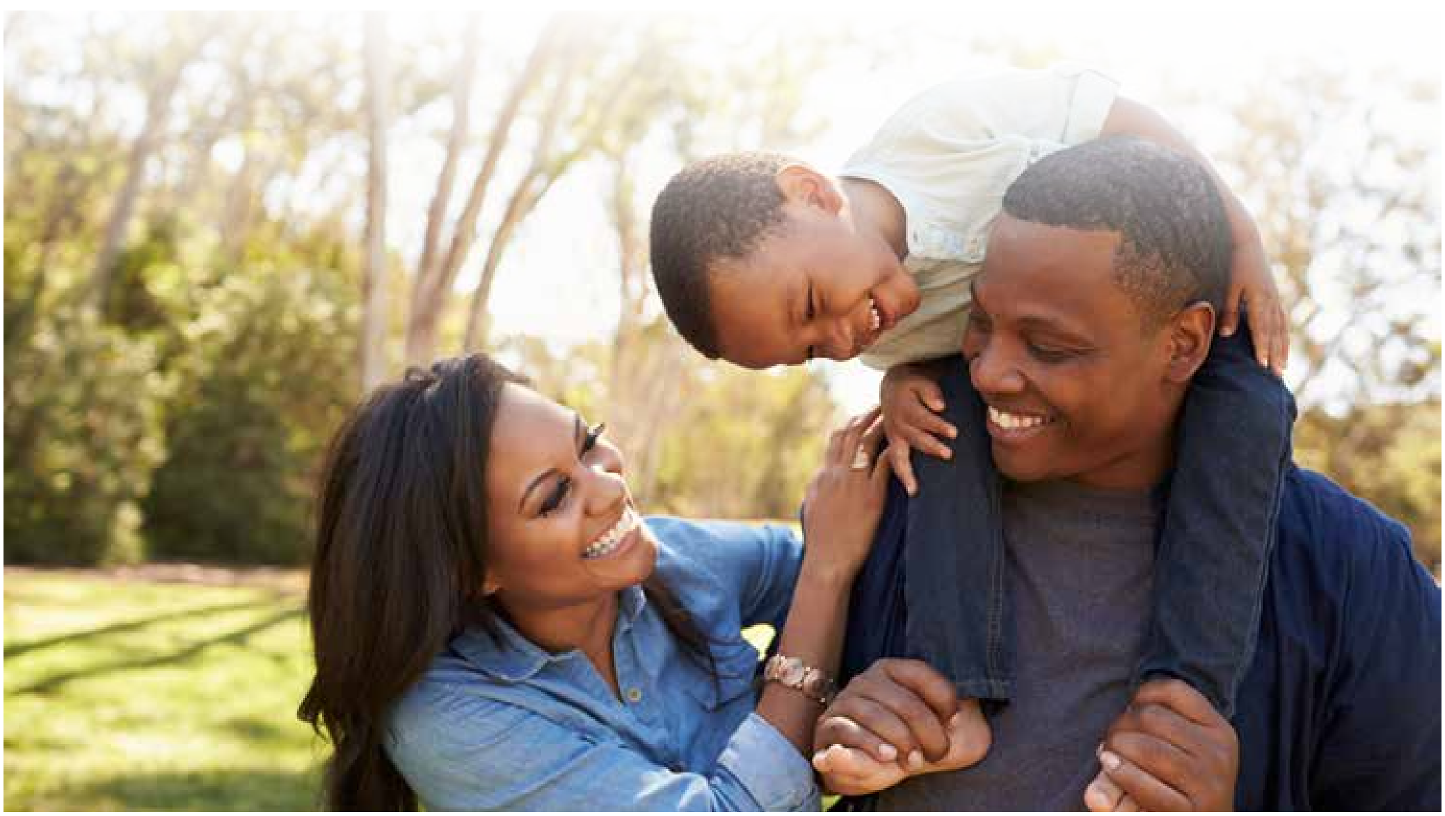
Your recently acquired wealth could last longer than you imagined.

The inheritance issue

When wealth is passed on to the next generation, a common goal is to make sure loved ones can be protected from financial burdens.

What you might not know is that without the proper guardrails, the loving legacy you received could become a financial burden.

1. Taxes on a lump-sum could quickly drain the account value, and create financial stress.
2. If you or other beneficiaries aren't equipped to manage a large inheritance, it may be intentionally or unknowingly mishandled.



The benefits of a non-qualified stretch option

When you receive an inheritance, there are two options: lump-sum or stretch.

	Lump-sum	Stretch
Benefits:	• Immediate access to full amount, after taxes.	• Wealth is doled out in equal payments over the remaining life of the beneficiary. • Account balance remains tax-deferred. • Beneficiaries receive payments for as long as there is a balance. • In the event of a beneficiary death, the payouts can be transferred to a contingent beneficiary.
Potential problems:	• Account value is taxed, leaving less for each beneficiary. • Not all beneficiaries may be equipped to manage a lump-sum amount	• Depending on the product-specific features, there may be a fee for taking early or larger withdrawals. Talk to your financial professional to discuss your flexibility needs.

Quiz: Is a non-qualified stretch option within a fixed index annuity right for you?

Are you considering how to manage an inheritance you recently acquired?

Are you interested in receiving a steady stream of income?	Yes	No
Have you discussed tax implications on receiving a lump sum amount?	Yes	No
Do you want your inheritance to remain tax-deferred?	Yes	No
Are you concerned about how long your inheritance will last?	Yes	No
Do you have a plan in place on how to protect and grow a lump sum amount?	Yes	No

We recommend discussing your answers with a financial professional.

How our non-qualified stretch option works

Client A's non-qualified annuity

Original amount - $100,000

Value at death - $250,000

When Client A passes away,
his spouse, Client B,
has two death benefit options:

Lump-sum option

$250,000 death benefit

Client B elects to receive a lump-sum death benefit of $250,000.

Assumptions:
This hypothetical example is for illustrative purposes only and does not reflect any specific annuity product. It is designed to show the power of tax deferral. It also assumes an initial payment of $100,000 non-qualified money for an undetermined amount of time and a final death benefit of $250,000.

Gross potential distribution amount under the stretch option assumes required distributions only and a constant net growth rate of 2.5% which reflects an assumed rate of return that is net of any fees or charges, if applicable, during the stretch period. Assuming a 0% rate of return, the total gross distributions would be $250,000.

Stretch option

$250,000 death benefit

Client B is 55, and her life expectancy is 31.6 years.

First annual distribution payment

$7,911

Client B elects to stretch the death benefit with systematic withdrawals that are based on her life expectancy.

Total gross potential distributions

$374,132

If Client B passes away at age 75 – before all the assets are depleted – her successor beneficiary may receive the balance of the payments.

Client B's daughter, the successor beneficiary, may receive payments for the remaining life expectancy of 11.6 years.

Your next steps

1. Discuss your family needs and financial goals with a qualified financial professional.
2. Decide if your family legacy may benefit from a non-qualified stretch option.

Frequently asked questions

What is a non-qualified stretch program? A non-qualified stretch is a payment option reserved for a beneficiary. This method allows the beneficiary to "stretch" the death benefit payments out over his/her own life expectancy versus receiving the entire death benefit in one lump sum or by the fifth anniversary of the decedent's death. Note: The decedent must have died prior to his/her annuity start date for a beneficiary to choose this payment option.

How does North American Company for Life and Health Insurance® calculate the stretch payment? Annual Stretch Payment = Account Value divided by Life Expectancy Factor

How is life expectancy calculated? The beneficiary's initial life expectancy factor is calculated using the IRS Single Life Table and could change.

When is the life expectancy factor determined? For beneficiaries, the life expectancy factor is determined using the beneficiary's age as of the date of the first payment. This initial factor will be fixed as of the first payment. Each subsequent year, one is subtracted from the prior year's life expectancy factor.

Questions about beneficiaries

Can any beneficiary of a non-qualified annuity choose the stretch option? No, non-natural beneficiaries such as estates, charities, or trusts cannot choose this option.

How often must the beneficiary withdraw money from the account? The first annual payment must be distributed before the first anniversary of the decedent's death. If the first annual payment is not distributed prior to the first anniversary, then the non-qualified stretch option will not be available and any death benefit will be distributed in a lump sum payment.

Can the beneficiary request installments for the stretch payments? Yes. Installment withdrawals may be permitted, provided each annual payment is taken in its entirety. North American offers monthly, quarterly, semi-annual, and annual payment method frequencies.

Questions about the account value

When is the account value determined? The initial account value is determined on the day of the first payment. However, the value of all subsequent payments is based on the December 31st value from the previous year.

Will the stretch payment be the same value each year? No. The stretch payment will differ on a yearly basis due to the account value and life expectancy factor changing each year.

Can additional money be withdrawn from the account? Yes. The stretch payment is the annual minimum amount of money that must be withdrawn for compliance with the Internal Revenue Code.

Can additional money be added to the account? No, additional contributions cannot be made.

What are the drawbacks for not withdrawing the annual stretch payment? If a beneficiary fails to withdraw the first annual stretch payment prior to the first anniversary of the decedent's death, he or she will not be able to stretch the remainder of the payments and the remaining account value must be withdrawn entirely by the fifth anniversary of the date of death. If a beneficiary fails to withdraw a stretch payment in its entirety in any subsequent year by December 31st, there may be unplanned tax consequences.

Beneficiary life expectancy table					
Age	**Life expectancy divisor**	**Age**	**Life expectancy divisor**	**Age**	**Life expectancy divisor**
0	84.6	41	44.8	82	9.9
1	83.7	42	43.8	83	9.3
2	82.8	43	42.9	84	8.7
3	81.8	44	41.9	85	8.1
4	80.8	45	41	86	7.6
5	79.8	46	40	87	7.1
6	78.8	47	39	88	6.6
7	77.9	48	38.1	89	6.1
8	76.9	49	37.1	90	5.7
9	75.9	50	36.2	91	5.3
10	74.9	51	35.3	92	4.9
11	73.9	52	34.3	93	4.6
12	72.9	53	33.4	94	4.3
13	71.9	54	32.5	95	4
14	70.9	55	31.6	96	3.7
15	69.9	56	30.6	97	3.4
16	69	57	29.8	98	3.2
17	68	58	28.9	99	3
18	67	59	28	100	2.8
19	66	60	27.1	101	2.6
20	65	61	26.2	102	2.5
21	64.1	62	25.4	103	2.3
22	63.1	63	24.5	104	2.2
23	62.1	64	23.7	105	2.1
24	61.1	65	22.9	106	2.1
25	60.2	66	22	107	2.1
26	59.2	67	21.2	108	2
27	58.2	68	20.4	109	2
28	57.3	69	19.6	110	2
29	56.3	70	18.8	111	2
30	55.3	71	18	112	2
31	54.4	72	17.2	113	1.9
32	53.4	73	16.4	114	1.9
33	52.5	74	15.6	115	1.8
34	51.5	75	14.8	116	1.8
35	50.5	76	14.1	117	1.6
36	49.6	77	13.3	118	1.4
37	48.6	78	12.6	119	1.1
38	47.7	79	11.9	120+	1
39	46.7	80	11.2		
40	45.7	81	10.5		

Life expectancy tables are subject to change due to IRS regulation. Please consult your tax advisor for the most current information.

Source: IRS.gov 2025

Non-qualified stretch requirements:

- Beneficiary must begin payments within the first year of the date of death of the original owner/decedent.
- Payments are based on the life expectancy of the beneficiary (use IRS Single Life Expectancy Table to calculate stretch payments)
- Each subsequent payment must be taken by Dec. 31 of the following tax year.
- If the first payment is not taken within the first year, then the entire balance must be paid out by the fifth anniversary of the original owner/decedent's death.
- No surrender charges or market value adjustments will apply up to the required minimum amount for a contract year.
- Owners may take distributions greater than the required minimum amount for a given contract year, however, any portion in excess of the penalty-free allowance and required minimum amount may be subject to surrender charges and market value adjustments.
- Non-qualified stretch is only available for natural owners; not on trusts, estates, corporations, etc.

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Fixed index annuities are not a direct investment in the stock market. They are long term insurance products with guarantees backed by the issuing company. They provide the potential for interest to be credited based in part on the performance of specific indices, without the risk of loss of premium due to market downturns or fluctuation. Although fixed index annuities guarantee no loss of premium due to market downturns, deductions from the accumulation value for optional benefit riders or strategy fees or charges associated with allocations to enhanced crediting methods could exceed interest credited to the accumulation value, which would result in loss of premium. They may not be appropriate for all clients. Interest credits to a fixed index annuity will not mirror the actual performance of the relevant index.

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