

Annuity

Issued by North American Company
for Life and Health Insurance®

The RMD PUZZLE



Put together
the pieces for
your clients



**NORTH
AMERICAN®**

A **Sammons** Financial Company

A recurring opportunity for client contact courtesy of the Internal Revenue Code

Solving for a federal tax law that triggers mandatory withdrawals

Whether your client is ready for retirement income or not, the Internal Revenue Code requires that they start drawing down their savings from certain types of accounts at a certain age — currently when they turn 73.

In essence, the tax deferrals that most IRAs, retirement, and profit-sharing plans are afforded don't last forever¹. Of course, navigating the Internal Revenue Code is never easy. It can be a real puzzle. You can find frequently asked questions and other helpful information in the RMD FAQ flyer (18371Z).

Known as required minimum distributions (RMDs), the minimum annual payments will vary in size from person-to-person based on a number of factors². To keep it simple, any year your client ends with an account balance after they reach the applicable age as set forth by the Internal Revenue Code, they will be required to take a minimum distribution the following year. That income could be taken from:

- **An existing North American annuity or another company's annuity**
- **Some other qualified savings vehicle**

Not every client will see their obligations under required minimum distribution rules as a positive. They could still be working and face an unplanned tax obligation. Some clients may not need the income, even in retirement.



Scan the QR code with your phone camera to view frequently asked questions and the most current information on RMDs.

Help clients see what fits where

You could potentially find new assets, getting your clients into a North American product. With enough notice, you could recommend an accumulation- or legacy-focused product that also can check the RMD box. Maybe your clients are already taking RMDs but don't need the income and want some place to put it. At the very least, you can show your value and help them consider the best possible use for their RMDs.

1. Neither North American, nor any financial professionals acting on its behalf, should be viewed as providing legal, tax or investment advice. Your client should be advised to rely on their own qualified tax professional.

2. See IRS.gov for the tables, worksheets and resources to calculate the amount of required minimum distributions in any given year.

Putting the R.M.D. in required minimum distributions

Into word puzzles?

Here's a different way to spell out RMD:

Ready yourself and your clients for the decisions to come.

Master the rules so you can help inform your clients about their options while being cautious not to cross the line into tax advice¹.

Determine how best to help meet your clients' needs, based on their unique situations, with help from our one-of-a-kind collection of RMD concepts.



¹ Neither North American, nor any financial professionals acting on its behalf, should be viewed as providing legal, tax or investment advice. Your client should be advised to rely on their own qualified tax professional.

As independent financial professionals, it is up to you to choose whether any of the sales concepts contained in these materials might be appropriate for use with your particular sales strategy and clients. Please note that North American does not require you to use any of these sales concepts; they are resources that can be used at your discretion for your own individualized sales presentations if appropriate for the particular client and circumstances.

Minimize RMD impact

Clients will eventually have to take RMDs, but you can help take the edge off.





Don't let RMDs tarnish a legacy

Help your clients see the legacy benefits of using an annuity to meet their RMDs.

The NAC BenefitSolutions® fixed index annuity offers a combination that can help address RMD obligations while potentially growing the client's nest egg to maximize what's left to the next generation.

While the hypothetical example shows only guaranteed growth, the accumulation value in NAC BenefitSolutions could grow at a different rate based on interest credits to the fixed and indexed accounts.

A situation

Your client has no interest in taking RMDs. That money is for her grandkids. But since this is required, she wants to preserve as much of her legacy as possible.

Hypothetical assumptions:

- NAC BenefitSolutions 10
- \$250,000 premium
- Rider charge = 1.20%
- Single female, issue age 72
- RMDs begin in contract year 2
- Assumes no withdrawals in excess of the RMDs
- Guaranteed scenario assumes no growth to accumulation value in all years

+

Contract Year 11	Guaranteed (Beginning in Contract Year 11)
Cumulative RMD withdrawals	\$76,876
Remaining benefit base	\$291,365
Rider death benefit ³ (five equal annual payments)	\$58,273 x5

Source of hypothetical: Product illustrations as of 1/24/2023.

The benefit base will be reduced for any withdrawals taken either before or after lifetime payment amounts begin. If any withdrawals including RMDs are taken, the benefit base will be reduced by the same percentage withdrawn from the accumulation value. Rider death benefit is remaining benefit base, adjusted for any withdrawals, paid as five equal payments.

Hypothetical example is for education purposes only. The use of alternate assumptions could produce significantly different results. This is one example of the features and options of the annuity product. Please see product brochure and disclosure for further details and limitations.

³ Rider death benefit includes option for 5 annual payments based on benefit base with 1-year waiting period (2-year in some states). Rider death benefit options vary by state. Additional death benefit and other features are explained in the product brochure and disclosure. For product materials, check for variations in your state.

The background of the slide features a close-up, slightly blurred image of a silver and black ballpoint pen resting on a light-colored keyboard. The keys are visible, with some letters like 'A', 'S', 'Z', 'W', 'K', 'R', 'C', 'M', 'V', 'U', 'P', 'T', 'Y', and 'D' clearly legible. The overall tone is professional and business-oriented.

Make the most of RMDs

For clients in need of income, required minimum distributions may not be enough.



Generate income beyond their RMDs

If your clients are looking forward to taking their RMDs, what better way to meet the obligations than with Income Pay ProSM?

Income Pay Pro fixed index annuity with an embedded guaranteed lifetime withdrawal benefit (GLWB) rider⁴ offers competitive, guaranteed lifetime income⁵. Once income is turned on, it couldn't be simpler. Your clients can set their guaranteed lifetime income (level or increasing) and go about living the retirement they planned. Plus the LPA reserve feature provides your clients flexibility to customize their LPAs to fit their personal goals⁶.

In any year after your client has elected their LPA, they can choose to take less than the full LPA. At the end of the contract year, the portion of LPA that is not taken will be placed in the LPA reserve subject to the maximum LPA reserve. The LPA reserve value is available to be taken as a lump sum at any time or periodically withdrawn until depleted. See product brochure for further details and limitations.

A situation

Your client is nearing the age she must begin taking Required Minimum Distributions (RMDs). She has other supplemental income so she only wants to draw her required distribution from this account but places importance on being prepared for large unexpected expenses later in retirement.

Hypothetical assumptions:

- Income Pay Pro fixed index annuity
- \$250,000 premium
- Single female, issue age 73
- Elect Level Lifetime Payment Amount (LPA) option in contract year 1
- RMDs begin in contract year 1
- Assumes no withdrawals or withdrawals prior to election of LPA
- Assumes 0.00% growth to the accumulation value in all years



4. The embedded guaranteed lifetime withdrawal benefit (GLWB) rider includes a rider charge of 1.15% of the GLWB value, deducted as a partial surrender from the accumulation value on each contract anniversary while the rider is in effect.

5. Lifetime income refers to guaranteed payment of lifetime payment amounts (LPAs) as defined in the GLWB Rider included in the contract. It does not refer to interest credited to the contract. Please have your client consult with their own tax advisor regarding tax treatment of LPAs, which will vary according to individual circumstances.

6. The LPA Reserve refers to any year after the client has elected the LPA, they can choose to take less than the full LPA. At the end of the contract year, the portion of LPA that is not taken will be placed in the LPA reserve subject to the maximum LPA reserve. Before the maturity date, the LPA reserve value is available to be taken as a lump sum at any time or periodically withdrawn until depleted. See product brochure for further details and limitations.

Contract year	Age	LPA	RMD taken	LPA reserve after LPA
1	73	\$18,375	\$9,434	\$8,941
2	74	\$18,375	\$9,325	\$17,991
3	75	\$18,375	\$9,180	\$27,186
4	76	\$18,375	\$9,033	\$36,528
5	77	\$18,375	\$8,848	\$46,055
6	78	\$18,375	\$8,701	\$55,729
7	79	\$18,375	\$8,554	\$65,550
8	80	\$18,375	\$8,407	\$75,518
9	81	\$18,375	\$8,216	\$85,677
10	82	\$18,375	\$8,068	\$95,983
11	83	\$18,375	\$7,875	\$106,484

Hypothetical example is for education purposes only. The use of alternate assumptions could produce significantly different results. This is one example of the features and options of the annuity product. LPA Reserve is subject to the LPA Reserve Maximum. Please see product brochure and disclosure for further details and limitations.

Your client only takes her RMD amount and puts the remainder of her LPA in the LPA reserve, which is available as a lump sum for an unexpected expense.

Redirect RMDs into new annuities tailored to help meet your clients’ evolving needs

RMDs may exceed the withdrawal amount your clients are comfortable taking. While RMDs are subject to taxes, nothing requires them to spend the money.

If it’s not needed, clients could consider placing the funds into a new non-qualified annuity* that can continue to grow tax-deferred⁷ until they need the income, if ever. Depending on the age of your client and the size of the nest egg, RMD amounts can vary quite a bit. This concept applies to clients with an RMD of at least \$20,000.

*Subject to new surrender charge schedule, rate guarantees, etc.

For RMDs \$20,000 and up

Multi-year guarantee annuity

North American Guarantee PlusSM series is a product that offers premium protection and guaranteed growth for anywhere from three, five or seven years, depending on the state of issue and your client’s preference.

Product	North American Guarantee Plus SM multi-year guarantee annuity series
Minimum premium	\$20,000

7. Under current law, annuities grow tax deferred. An annuity is not required for tax deferral in qualified plans. Annuities may be subject to taxation during the income or withdrawal phase. North American Company, nor any financial professionals acting on its behalf, should be viewed as providing legal, tax or investment advice. Your client should be advised to rely on their own qualified tax professional.

A situation

Your client is currently taking RMDs to satisfy obligations under the law, but he doesn't need the income, and he'd just as soon see it put back into another product to continue to work for him.



For RMDs \$20,000 and up

Fixed index annuities

North American Charter® Plus and Performance Choice® are flexible-premium products. Charter Plus comes with a premium bonus⁸ for all premiums received in the first seven contract years. For amounts \$75,000 or greater, the premium bonus will be a little larger.

May be subject to premium bonus recapture.

Performance Choice®
fixed index annuity

North American Charter® Plus
fixed index annuity series

\$20,000

8. Premium bonus may vary by annuity product, premium band and surrender charge period selected and may be subject to a premium bonus recapture. Products that have premium bonuses may offer lower credited interest rates, lower index cap rates, lower participation rates and/or greater index margins than products that don't offer a premium bonus. Over time and under certain scenarios the amount of the premium bonus may be offset by the lower credited interest rates, lower index cap rates, lower participation rates and/or greater index margins. Premium bonus recapture may vary by state. Please see product disclosure and brochure for further details. The premium bonus is not recaptured in the event of death of the annuitant. No premium bonus recapture will occur on any penalty-free withdrawal amount, required minimum distributions (by current Company practice)* or under the nursing home confinement waiver or on any rider charge.

*A feature offered "by current company practice" is not a contractual guarantee of this annuity contract and can be removed or changed at any time



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Need help getting ready to make a decision?

When it comes to deciding how best to make use of the income the government requires you draw from your retirement savings, everyone's situation is different.

Called required minimum distributions, or RMDs, these mandatory payments can create unplanned taxable income. Here are some key questions to consider to review your options.

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Key questions to consider:

1. How much do you know about your RMD obligations?

- a. A lot
- b. A little
- c. Not much
- d. Nothing

2. When were you born (full birth date)? Your age is a key factor in when RMDs kick in and what percentage of your retirement savings you'll need to take.

3. Are you retired?
Yes

6. Where are your retirement savings held?

7. Do you know if any of those retirement savings vehicles are set up to pay you regular income like a pension or an annuity?



Take it to market

Your clients can fill out the **RMD fact finder (Item 1)** to help assess their level of RMD knowledge and their financial situation. If they're still learning, they may be interested in the **ABCs of RMDs brochure (Item 2)**.

Call us at **866-322-7066** to discuss your current cases.

Annuity

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The ABCs of RMDs

Let North American help you solve the required minimum distribution puzzle



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Sammons Financial® is the marketing name for Sammons® Financial Group, Inc.'s member companies, including North American Company for Life and Health Insurance®. Annuities and life insurance are issued by, and product guarantees are solely the responsibility of, North American Company for Life and Health Insurance.

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.

Insurance products issued by North American Company for Life and Health Insurance®, West Des Moines, Iowa. Product and features/options may not be available in all states or appropriate for all clients. See product materials and state availability chart for further details, specific features/options, and limitations by product and state.

The NAC BenefitSolutions® is issued on base contract form NA1006A/ICC14-NA1006A or appropriate state variation including all applicable endorsements and riders.

The Income Pay ProSM is issued on base contract form NA1012A/ICC17-NA1012A.MVA or appropriate state variation, including all applicable endorsements and riders.

The North American Charter® Plus is issued on base contract form NA1007A/ICC16-NA1007A.MVA or appropriate state variation including all applicable endorsements and riders.

The Performance Choice® is issued on base contract form NA1007A/ICC16-NA1007A.MVA or appropriate state variation including all applicable endorsements and riders.

The NAC Guarantee PlusSM is issued on base contract form NA1016A/ICC21-NA1016A or appropriate state variation including all applicable endorsements and riders. This product and its features may not be available in all states.

Withdrawals taken prior to age 59 1/2 may be subject to IRS penalties.

Neither the company, nor any financial professionals acting on its behalf, should be viewed as providing legal, tax or investment advice.

Call the Sales Support team at
866-322-7066 to discuss any of these
concepts, a case you're working on or
any other product details.

