



A **Sammons** Financial Company

Issued by North American Company for Life and Health Insurance®

Annuity

# New Business Playbook with North American®

Explore the types of business and ownership types we accept, and the product options for your clients' solutions.

## Tax statuses accepted

The chart below outlines the tax statuses we accept for our fixed index annuities (FIAs), multi-year guarantee annuity (MYGA), and single premium immediate annuity (SPIA).

Contract Type	NAC VersaChoice® 10 FIA	Performance Choice® FIA	North American Charter® Plus FIA	Income Pay Pro® FIA	NAC Control. X <sup>SM</sup> FIA	NAC Guaranteed Allocation <sup>SM</sup> FIA	NAC BenefitSolutions® FIA	NAC Guarantee Plus® MYGA	North American Income SPIA
<b>Non-qualified stretch for new business<sup>1</sup></b> <small>Available only for natural owners</small>	Y	Y	N	N	N	Y	N	N	N
<b>Roth IRA</b>	Y	Y	Y	Y	Y	Y	Y	Y	Y
<b>SEP IRA</b>	Y	Y	Y	Y	Y	Y	Y	Y	Y
<b>Inherited IRA/ Inherited Roth IRA</b> <small>(date of death on or before 12-31-2019)</small>	Y	Y	Y	N	N	Y	N	Y	Y
<b>Inherited IRA/ Inherited Roth IRA</b> <small>(date of death on or after 1-1-2020) Available only for natural owners</small>	N	Y	N	N	N	Y for 5/7 N for 10	N	N	N
<b>TSA/403(b)</b>	N	Y \$50/month 403(b) salary reduction	Y	Y	Y	Y	N	Y	N
<b>Loans on 403(b)</b>	Not allowed	Allowed	Allowed	Not allowed	Not allowed	Not allowed	Not allowed	Allowed	Not allowed

1. Non-qualified stretch for inforce business is available at the time of a death claim. If the inforce contract had a guaranteed lifetime withdrawal benefit (GLWB) and has any remaining accumulation value, the GLWB will terminate and the remaining accumulation value (death benefit) is eligible for non-qualified stretch.

# Non-living entity ownership types accepted

Non-qualified stretch on new and inforce business and Inherited IRAs with date of death on or after 1-1-20 are not allowed on these ownership types.

**Note:** We will accept revocable and irrevocable trusts for other contract types as long as they are one of the approved trust types listed below.

Beneficiary or owner	Common descriptions
A-B Trust	A trust created by a married couple with the objective of minimizing estate taxes. An A-B Trust divides into two trusts upon the death of the first spouse. The "A Trust" is commonly known as the Marital Trust. The "B Trust" is commonly known as the Credit Shelter Trust. Each spouse places assets in the A-B trust and names someone other than the other spouse as final beneficiary.
Asset Protection Trust	A type of trust designed to protect assets from creditors or lawsuits.
Bypass/Credit Shelter Trust	A type of irrevocable trust most commonly used to pass assets from parents to children at the time of the second parent's death. It is structured so the children will not have to pay estate taxes on assets in excess of the current estate tax exemption.
Charitable Remainder Trusts	A tax-exempt irrevocable trust designed to reduce taxable income while also donating funds to a designated charity.
Charitable Trusts—IRC 4947(a)	A Charitable Trust is a set of assets, usually liquid, that a donor signs over or uses to create a charitable foundation. The assets are held and managed by the charity for a specified period of time, with some or all interest that the assets produce going to the charity.
Charitable UniTrust	Also known as a Charitable Remainder Trust, used by individuals to make a substantial contribution to a charitable organization. A donor transfers property to a trust, while retaining the right to receive payments from the trust for a term chosen by the donor. When the term has ended, the trust estate is paid to a public charity designated by the donor.
Discretionary/Sprinkle Trust	Another form of a revocable trust, this trust gives the trustee ability to pay the beneficiary based on the trustee's discretion.
Educational Trust	A trust that supports a school or supports an individual's education.
Inter Vivos Trust (Family, Grantor, Living)	A trust that starts while the creator is alive, sometimes called a "living trust." Property is placed in the trust and distributed according to the terms of the trust.
Irrevocable Life Insurance Trust (case-by-case basis)	Created to pay for life insurance premiums. (Can also receive a policy already in effect so that the insurance proceeds will not be included in the estate of the insured.)
Qualified Terminable Interest Property Trust	Enables the grantor to provide for a surviving spouse while also maintaining control of how the trust assets are distributed once the surviving spouse dies. Income, and sometimes principal, generated from the trust is given to the surviving spouse to ensure that the spouse is taken care of for the rest of his or her life.
Residuary Trust	The "B Trust" portion of an A-B Trust.
Savings Trust	A trust designed for saving and growing money over time.
Veterans Eligibility Trust	An irrevocable trust set up to reduce a veteran's assets and make him or her eligible to receive certain veterans' benefits.

*Trusts should be drafted only by an attorney familiar with such matters. Neither North American nor its agents give legal or tax advice.*

# Non-living entity ownership types accepted

Beneficiary only	Common descriptions
Dynasty/Perpetual Trust	A long-term trust created to pass wealth from generation to generation without incurring estate, gift, or other transfer taxes.
Employee Benefit Plan/Trust	A trust set up by a company to provide benefits to employees and their families.
Gift Trust	A trust set up to avoid taxes on gifts that exceed the annual gift tax exclusion amount. Gift taxes are almost always paid by the gift giver, and if they exceed \$15,000 in one year, the excess is taxable.
Income Only Trust	A type of living trust often used for Medicaid planning. It protects assets from being sold to pay for nursing home and other long-term care expenses, so assets can be passed on to beneficiaries.
Pension Trust	A trust set up to pay pension benefits.
Special Needs Trust	A trust set up for the benefit of a special needs dependent.
Structured Settlement Trust	A negotiated arrangement where a claimant agrees to resolve a personal injury claim by receiving some part of the settlement in the form of periodic payments rather than as a lump sum.
Testamentary Trust	A trust which is specified within a person's will and goes into effect at death.

## Non-natural entities accepted

- Banks
- Brotherhoods/Fraternal Organizations (providing charitable or community services)—IRC 501(c)(10)
- C Corporation
- Cemetery Associations—IRC 501(c)(13)
- Charitable Organizations—IRC 501(c)(3)
- Church/ Religious Organizations—IRC 501(c)(3)
- Civic & Business Leagues—IRC 501(c)(4) & (6)
- Credit Unions
- Homeowners Associations—IRC 501(c)(4)
- Labor Union—IRC 501(c)(5)
- Non-Profit Clubs—IRC 501(c)(7)
- S Corporation
- Securities Broker Dealers

## Required forms

Trust (non-charitable) as owner/beneficiary	Certification of Trust form
Charitable Trust as owner/beneficiary	Certification of Charitable Trust form, W9
Corporation as owner	Certification of Corporate Owner form, Certification of Business Signing Authority form, W9
Tax-Exempt Organization as owner	Certification of Tax Exempt Organization form, Certification of Business Signing Authority form, W9

If the annuity is being used in connection with a non-qualified deferred compensation plan, submit the Unfunded non-qualified deferred compensation plan acknowledgment form.

*Trusts should be drafted only by an attorney familiar with such matters. Neither North American nor its agents give legal or tax advice.*

# Non-resident guidelines regarding annuities

North American wants to make sure that our financial professionals understand the rules and regulations that pertain to non-resident sales of annuities. A “non-resident sale” occurs when a customer buys an annuity contract outside his/her state of residence.

State insurance departments want to protect their citizens from purchasing products that have not been approved in their respective states as well as making sure that only financial professionals and companies properly licensed in their respective states are doing business with residents of their states. They are examining transactions in which residents of their states are being sold insurance products outside their jurisdiction. Non-compliance with state rules can result in fines, penalties, remediation, suspension of agent/representative license or certificate of authority.

As a general rule, we do not allow annuity sales to take place outside the client’s resident state if the product series intended for purchase is not available in the client’s resident state. We understand that it is likely you will experience situations in which there is an opportunity to sell an annuity contract to an individual who is not a resident of the state in which you are located or conducting business. We may accept business sold outside the client’s resident state if the product series intended to purchase is approved in both the client’s resident state and purchase state.

In these circumstances, the financial professional and client must provide, in writing, the valid reason for the sale taking place in the non-resident state. You can quickly gather that information using the **Non-Resident Verification form**. This form will allow us to obtain the necessary information and ultimately get your new business application processed faster if the sale is approved.

It is important to note the entire sales process must occur in the application state, including but not limited to the sales discussions, application signing and contract delivery. Contracts cannot be mailed to the client’s resident state.

**When completing the non-resident verification form, keep in mind the following points in establishing a sufficient connection between an applicant/owner and the non-resident state in which the solicitation takes place:**

- A second home in the non-resident state is generally an acceptable reason for the location of the sale.
- A business owned by the customer in the non-resident state is generally an acceptable reason for the location of the sale.
- The financial professional is a relative or they have a long standing business relationship.

- Regular business dealings in the non-resident state may be an acceptable reason depending on the type and regularity of the contacts.
- Former residence in the non-resident state, with regular visits to that state to family/friends, may be an acceptable reason for the location of the sale.

Keep in mind that, even in cases in which the Non-Resident Verification form is completed and an explanation for the non-resident sale is provided, North American reserves the right to decline applications based on other information or circumstances known to the company.

State insurance departments will not tolerate financial professionals who deliberately bend the rules in the course of selling products to citizens outside their state of residence.

It is likely that many North American financial professionals sell products in jurisdictions outside of their own state of residence. In order to do so, a financial professional must maintain the appropriate non-resident license(s) and only sell products approved in the non-resident states while conducting business in those states. In addition, financial professionals must be familiar and comply with all rules and regulations in each state for which a non-resident license is held.

**It is important you understand that some states prohibit sales to residents from outside their states. From North American’s current interpretation of applicable state regulations and bulletins, the states below have unique rules about non-resident sales:**

**For Alabama, Massachusetts, Minnesota, New York, Oregon, Utah and Washington**—Residents of these states are NOT permitted to go outside of their resident state to purchase an annuity product, regardless of the circumstances of the sale.

## State availability chart effective Jan. 28, 2025

New updates are listed in red.

Our product features vary by state including interest rates, rider and index availability, issue ages, and more. This state availability chart along with the forms chart, and the interest rate sheet are vital to understanding state approvals and product feature variations in your state.

Abbreviation key	
No EBR	No Enhanced Bonus Rider
No NHW	No nursing home waiver
No multiplier	No LPA multiplier or nursing home multiplier
No 2yrPtP	No Two-year Point-to-Point crediting method

Issue age state variations		
State	Product	Issue age
California	North American Charter® Plus	0-46, 14 year
New Hampshire	North American Charter® Plus	0-74, 14 year

# State availability chart effective Jan. 28, 2025 New updates are listed in red.

	Fixed index annuities								MYGA
	NAC Control. X <sup>SM</sup>	NAC Guaranteed Allocation <sup>SM</sup>	Income Pay Pro <sup>®</sup>	NAC VersaChoice <sup>®</sup>	North American Charter <sup>®</sup> Plus		NAC BenefitSolutions <sup>®</sup>	Performance Choice <sup>®</sup>	NAC Guarantee Plus <sup>SM</sup>
	10 year	5, 7, 10 years	10 year	10 year	10 year	14 year	10 year	8	3, 5, 7 years
AK	X	X	X	X	X		X	X	X
AL	X	X	X	X	X	X	X	X	X
AZ	X	X	X	X	X	X	X	X	X
AR	X	X	X	X	X	X	X	X	X
CA	No NHW		No NHW; no multiplier	No NHW	No NHW	No NHW; no EBR	No NHW; no multiplier	No NHW	No NHW; 3, 5 yr only
CO	X	X	X	X	X	X	X	X	X
CT	X	X	X	X	X		X	X	X
DE	X	X	X	X	X		X	X	X
DC	X	X	X	X	X	X	X	X	X
FL	X	X	X	X	X	X	X	X	3, 5 yr only
GA	X	X	X	X	X	X	X	X	X
HI	X	X	X	X	X		X	X	X
ID	X		X	X	X		X	X	X
IL	X	X	X	X	X	X	X	X	X
IN	X	X	X	X	X		X	X	X
IA	X	X	X	X	X	X	X	X	X
KS	X	X	X	X	X	X	X	X	X
KY	X	X	X	X	X	X	X	X	X
LA	X	X	X	X	X	X	X	X	X
ME	X	X	X	X	X	X	X	X	X
MD	X	X	X	X	X		X	X	X
MA	X	X	X	X	No NHW		No NHW	No NHW	X
MI	X	X	X	X	X	X	X	X	X
MN	X	X	X	X	X		X	X	X
MS	X	X	X	X	X	X	X	X	X
MO	X	X	X	X	X		X	X	X
MT	X	X	X	X	X		X	X	X
NE	X	X	X	X	X	X	X	X	X
NV	X	X	X	X	X		X	X	X
NH	X	X	X	X	No 2yrPtP		X	X	X
NJ	X	X	X	X	X		X	X	X
NM	X	X	X	X	X	X	X	X	X
NC	X	X	X	X	X	X	X	X	X
ND	X	X	X	X	X	X	X	X	X
OH	X	X	X	X	X		X	X	X
OK	X	X	X	X	X		X	X	X
OR	X		X	X	X		X	X	X
PA	X	X	X	X	X		X	X	X
RI	X	X	X	X	X	X	X	X	X
SC	X	X	X	X	X		X	X	X
SD	X	No NHW	X	X	X	X	X	X	No NHW
TN	X	X	X	X	X	X	X	X	X
TX	X	X	X	X	X		X	X	X
UT	X	X	X	X	X		X	X	X
VT	X	X	X	X	X	X	X	X	X
VA	X	X	X	X	X		X	X	X
WA	X	X	X	X	X		X	X	X
WV	X	X	X	X	X	X	X	X	X
WI	X	X	X	X	X	X	X	X	X
WY	X	X	X	X	X	X	X	X	X

North American Income SPIA is available in all states.

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Page 5 of 6

PRT 5-25



**For more information, contact  
Sales Support at 866-322-7066.**

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Neither North American, nor any financial professionals acting on its behalf, should be viewed as providing legal, tax or investment advice. Advise your clients to consult with and rely on a qualified advisor. Under current law, annuities grow tax deferred. Annuities may be subject to taxation during the income or withdrawal phase. The tax-deferred feature is not necessary for a tax-qualified plan. In such instances, your client should consider whether other features, such as the death benefit, lifetime annuity payments and optional riders make the contract appropriate for their needs.

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.

The **Income Pay Pro® 10** is issued on form NA1012A/ICC17-NA1012A.MVA or appropriate state variation, including all applicable endorsements and riders.

The **NAC VersaChoice® 10** is issued on form NA1012A/ICC17-NA1012A. MVA or appropriate state variation including all applicable endorsements and riders.

The **Performance Choice® 8** is issued on form NA1007A/ICC16-NA1007A.MVA or appropriate state variation including all applicable endorsements and riders.

The **North American Charter® Plus 10** is issued on form NA1007A/ICC16-NA1007A. MVA or appropriate state variation including all applicable endorsements and riders.

The **NAC Control. X<sup>SM</sup>** fixed index annuity is issued on form NA1015A/ICC21-NA1015A or appropriate state variation including all applicable endorsements and riders.

The **NAC Guaranteed Allocation<sup>SM</sup>** is issued on form NA2002A/ICC24-NA2002A or appropriate state variation including all applicable endorsements and riders.

The **NAC BenefitSolutions® 10** is issued on form NA1006A/ICC14-NA1006A or appropriate state variation including all applicable endorsements and riders.

The **NAC Guarantee Plus®** is issued on form NA1016A/ICC21-NA1016A or appropriate state variation including all applicable endorsements and riders.

The **North American Income** is issued on form NA1014A/ICC18-NA1014A or appropriate state variation including all applicable endorsements and riders.

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