Annuity

Issued by North American Company
for Life and Health Insurance®

The ABCs of RMDs

Let North American help you solve the required minimum distribution puzzle

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

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

In essence, the tax deferrals that most IRAs, retirement and profit-sharing plans are afforded don't last forever[1]. Of course, navigating the Internal Revenue Code is never easy. It can be a real puzzle.

Known as required minimum distributions (RMDs), the minimum, annual payments will vary in size from person-to-person based on a number of factors[2] including your age and account balances in impacted accounts.

To keep it simple, currently any year you end with an account balance in one or more of these accounts after you reach the applicable age as set forth by the Internal Revenue Code, you'll be required to take a minimum distribution the following year. That income could be taken from:

- **Your existing North American annuity or another company's annuity**
- **Some other qualified savings vehicle [i.e. 401(k), traditional IRA]**

If you are drawing retirement income anyway, it may not be a big deal, but you may not see these obligations as a positive.

You might still be working, and the additional income could lead to an unplanned tax obligation[1] when marginal tax rates would make it more expensive. You may not need the income, even in retirement.

Whatever the case, working with your financial professional and a qualified tax adviser, you can find options to help minimize the impact of your RMDs or make the most of them.

1. Neither North American, nor any financial professionals acting on its behalf, should be viewed as providing legal, tax or investment advice. Required distributions are taxable. Talk to your tax adviser about how this impacts your situation.

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

Enjoy word puzzles?
Here's a different way to spell RMD:

Ready yourself for the decisions to come.

Master the rules so you know your options.

Determine how best to help meet your obligations, based on your unique situation.

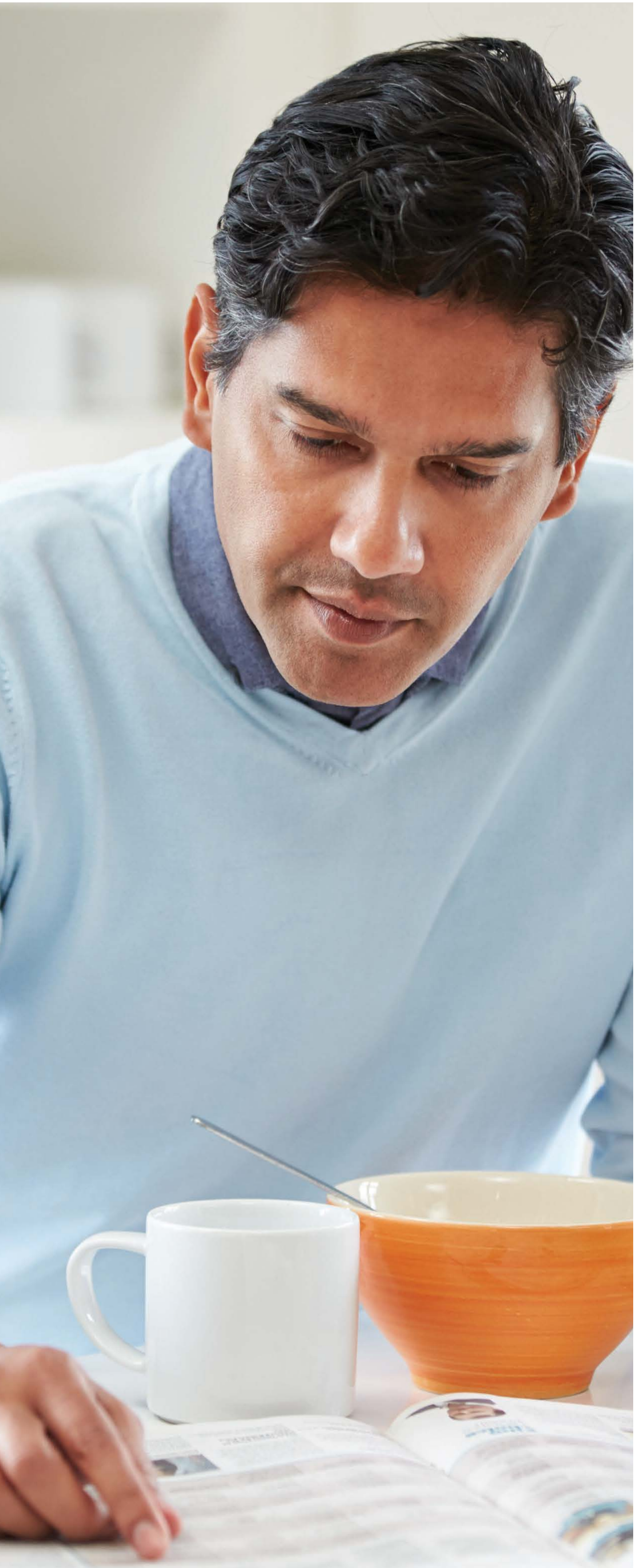
What accounts do RMD rules apply to?

There are many types of qualified accounts

RMDs apply to qualified retirement savings vehicles. The primary features of a qualified account are that they're funded with pre-tax earnings, and the account value can grow on a tax-deferred basis.

Accounts like these could include:

- Employer-based retirement plans like a pension (defined benefit), 401(k), or 403(b)
- Profit-sharing plans
- Employee stock ownership plans (ESOPs)
- Traditional individual retirement accounts (IRAs)
- Simplified Employee Pension (SEP) IRA
- Savings Incentive Match Plan for Employees (SIMPLE) IRA
- 457(b) plans if money is deferred on a pre-tax basis



If you don't need your RMDs, what could you do with them?

While you must take the income, you choose what happens next

Required minimum distribution rules currently require you to start drawing income from qualified retirement savings accounts by April of the year after you reach the applicable age as set forth by the Internal Revenue Code, whether you want to or not.

Of course, this will have tax implications, so talk to your tax adviser[1] before making any final decisions, but here are some ways you may put that money to use.

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What you could do with your RMD

Splurge

Nothing's stopping you from spending freely. Go on that trip you've been putting off. Finally tackle that big kitchen renovation. Upgrade your car.

Go see the family (or bring them to you)

If you have the time, what better way to use it and the money you're looking to spend than to visit the kids or, even better, fly them to you? Maybe take a special trip to catch up with a family member you don't see as often, or meet somewhere fun for a family vacation like the old days.

Spoil the grandkids

You can give away the money from RMDs. The caution here would be that gift tax limits[1] may apply, so consult with your tax adviser before putting your beloved family members in a potential bind.

Pay for tuition or contribute to a college fund

An alternative parents might appreciate more would be to use the money for your grandchildren's college education. Paying tuition directly to the school could avoid the gift tax[1] concern. Another tax-friendly option[1], if they're not yet college age, would be to contribute to their existing 529 college savings plan, which can grow tax-deferred.

Set the money aside for emergencies

Booorrrrring. We know. But if you haven't established a comfortable emergency fund, now could be a great time to do it. If you've had the same amount of money set aside for emergencies for a couple decades, now might be the time to reinforce its buying power.

Give back

This is another strategy to consult with your tax adviser[1] on, but the rules allow for RMDs to be directed to qualifying charities and could be deducted from your taxes. You may avoid the increased tax liability, and your favorite cause benefits. Win, win.

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A way to get more from your RMDs

While all of the ideas on Page 7 are excellent options, we like this one the best. **Bring your RMD payout to North American**, and open a new fixed index annuity* to help meet your current needs that will produce tax-free income[1] on the back end for qualified withdrawals[2].

Depending on the product, you might even be able to cover a few additional ideas we mentioned previously with penalty-free withdrawals[3] or the additional income your annuity generates down the road. Other products may offer an enriched payout to your beneficiaries if there's remaining accumulation value, potentially providing a lasting legacy after you're gone.

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

What fixed index annuities can do

Income **Accumulation** **Legacy** **Liquidity**

1. Neither North American, nor any financial professionals acting on its behalf, should be viewed as providing legal, tax or investment advice. Required distributions are taxable. Talk to your tax adviser about how this impacts your situation.

2. Withdrawals during the surrender charge period will be subject to surrender charges and possibly a market value adjustment. Withdrawals may be subject to IRS penalties or taxation, please rely on a qualified tax professional regarding withdrawals.

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


Required Minimum Distributions

How RMDs are calculated

Doing the math on required minimum distributions

Like a lot of tax-related issues, RMDs can be complicated, so talk to your tax adviser before making any decisions. This hypothetical example is shared for educational purposes only to help you see how the math works on RMDs.

RMD calculators are widely available online. You can also refer to the latest tables and worksheets at IRS.gov to estimate what amount of RMD you'll face in a given year. Note that married couples more than 10 years apart in age with the younger spouse listed as sole beneficiary will need to refer to life expectancy Table II.

Single, 73-year-old	Example	Calculate your RMDs
Qualified account 1 balance	**$50,000**	
	+	+
Qualified account 2 balance	**$180,000**	
	+	+
Qualified account 3 balance	**$75,000**	
	=	=
Combined qualified account balance Dec. 31 of prior year	**$305,000**	
	÷	÷
IRS-provided "distribution period" based on your age	**26.5**	
	=	Get distribution period from IRS.gov
Total RMD for this year (can be taken from any single account or combination of multiple qualified accounts)	**$11,509**	

Source (as of May 2025): https://www.irs.gov/retirement-plans/plan-participant-employee/required-minimum-distribution-worksheets

Don't let RMDs tarnish a legacy

Let us help you see the legacy benefits of using an annuity to meet your RMDs.

The NAC BenefitSolutions® fixed index annuity offers a combination that can help address RMD obligations while potentially growing your 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

You have no interest in taking RMDs. That money is for your grandkids. But since this is required, you want 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	$77,042
Remaining benefit base	$299,690
Rider death benefit[3] (five equal annual payments)	$59,937 x5

Source of hypothetical: Product illustrations as of 5/1/2025.

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.

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.

Generate income beyond your RMDs

If you are looking forward to taking your RMDs, what better way to meet the obligations than with Income Pay Pro®?

Income Pay Pro fixed index annuity with an embedded guaranteed lifetime withdrawal benefit (GLWB) rider[4] offers competitive, guaranteed lifetime income[5]. Once income is turned on, it couldn't be simpler. You can set your guaranteed lifetime income (level or increasing) and go about living the retirement you planned. Plus the LPA reserve feature provides your flexibility to customize your LPAs to fit your personal goals[6].

In any year after you have elected your LPA, you 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

You are nearing the age you must begin taking Required Minimum Distributions (RMDs). You have other supplemental income so you only want to draw your required distribution from this account but place 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 (LPA's) 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.

Contract year	Age	LPA	RMD taken	LPA reserve after LPA
1	73	$19,000	$9,434	$9,566
2	74	$19,000	$9,325	$19,241
3	75	$19,000	$9,180	$29,061
4	76	$19,000	$9,033	$39,028
5	77	$19,000	$8,848	$49,180
6	78	$19,000	$8,701	$59,479
7	79	$19,000	$8,554	$69,925
8	80	$19,000	$8,407	$80,518
9	81	$19,000	$8,216	$91,302
10	82	$19,000	$8,068	$102,233
11	83	$19,000	$7,875	$113,359

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.

You only take your RMD amount and put the remainder of your 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 evolving needs

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

If it's not needed, you could consider placing the funds into a new non-qualified annuity* that can continue to grow tax-deferred[7] until you need the income, if ever. Depending on your age and the size of your nest egg, RMD amounts can vary quite a bit. This concept applies 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 Plus® 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® 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. You should rely on your own qualified tax professional.

A situation

You are currently taking RMDs to satisfy obligations under the law, but you don't need the income, and you'd just as soon see it put back into another product to continue to work for your needs.

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 bonus[8] for all premiums received in the first three 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 and Enhanced premium bonus may vary by annuity product, premium band and surrender charge period selected and may be subject to a premium bonus and enhanced 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 and enhanced 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. 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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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.

The NAC BenefitSolutions® 10 is issued on form NA1006A/ICC14-NA1006A (contract), AE665A/ICC22-AE665A, AE560A/ICC17-AE560A, AE608A04/AE561A/ICC14-AE561A, AE563A/ICC14-AE563A, AE564A/ICC14-AE564A, ICC12-AE539A, AE577A/ICC15-AE577A, and LR433A (riders/endorsements) or appropriate state variation.

The North American Charter® Plus 10 is issued on form NA1007A/ICC16-NA1007A.MVA (contract), ICC23-AE674A/AE674A, ICC23-AE675A/AE675A, AE577A/ICC15-AE577A, AE578A/ICC16-AE578A, AE580A.PB/ICC16-AE580B.PB, AE583A/ICC15-AE583A, AE584A/ICC15-AE584A, AE587A/ICC15-AE587A, AE641A/ICC20-AE641A, AE642A/ICC20-AE642A, and AE665A/ICC22-AE665A (riders/endorsements) or appropriate state variation.

The Performance Choice® 8 is issued on form NA1007A/ICC16-NA1007A.MVA (contract), AE577A/ICC15-AE577A, ICC20-AE642A, ICC20-AE641A, AE579A, AE579B/ICC15-AE579B, AE581A/ICC15-AE581A, AE583A/ICC15-AE583A, AE584A/ICC15-AE584A, AE587A/ICC15-AE587A, and AE665A/ICC22-AE665A (riders/endorsements) or appropriate state variation.

The NAC Guarantee Plus® is issued on form ICC21-NA1016A/NA1016A (contract), and ICC21-AE639A/AE639A (riders/endorsements) or appropriate state variation.

The Income Pay Pro® 10 is issued on form NA1012A/ICC17-NA1012A.MVA (contract), AE665A/ICC22-AE665A, AE575A/ICC16-AE575A, AE577A/ICC15-AE577A, AE579A/AE579B/ICC15-AE579B/AE608A04, AE584A/ICC15-AE584A, AE583A/ICC15-AE583A, and AE638A/ICC21-AE638A (riders/endorsements) or appropriate state variation.

The term financial professional is not intended to imply engagement in an advisory business in which compensation is not related to sales. Financial professionals are independently contracted that are insurance licensed and that will be paid a commission on the sale of an insurance product.

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.