Annuity

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Turn today's strategy into tax-free lifetime income potential

A partial Roth conversion approach using Income Pay Pro® fixed index annuity

Help manage taxes in retirement while creating tax-free lifetime income potential.

Income Pay Pro offers:

- **Guaranteed lifetime income**[1] through an embedded guaranteed lifetime withdrawal benefit (GLWB) rider[2]
- **8%** compounding GLWB roll-up
- Flexibility for future retirement income planning

Why use partial Roth conversions with North American?

- **Simplified experience** – multiple partial conversions roll into one converted contract
- **No need to wait for contract anniversary** – conversions can be requested anytime after issue, as long as income payments haven't started
- Available on all FIA contracts issued Feb. 1, 2024 or later

Potential benefits of this strategy

- Spread taxes over multiple years
- Create tax-free lifetime income potential
- No required minimum distributions (RMDs) on Roth assets
- Greater tax diversification in retirement
- Legacy planning opportunities for beneficiaries

Partial Roth conversion strategy

Case Study: A 65-year-old with a $100,000 Traditional IRA and income starting at age 72.

Step 1

Allocate **$100,000** to **Income Pay Pro** (qualified annuity)

Age 65

$100,000 from Traditional IRA

Step 2

Convert portions annually over **4 years** to Roth IRA

✓ Taxes are assumed to be paid from assets outside the annuity, allowing more dollars to remain invested.

✓ The initial conversion creates a Roth contract that mirrors the original. All subsequent partial conversions roll into the converted contract.

Year 1 → **Year 2** → **Year 3** → **Year 4**

Step 3

Continue growing **tax-free** income potential

Age 72

Turn income on

Traditional IRA → Income Pay Pro Annuity → Partial Roth Conversion → Tax-free lifetime income potential

Outcome at age 72

Annual tax-free, guaranteed lifetime income[3]: $14,739

(after full conversion period)

Note: If tax withholding is requested, it cannot exceed the penalty free amount available on the original contract. In a partial Roth conversion, you convert part of an IRA to a Roth IRA, creating a taxable event. Future distributions are tax-free if the Roth IRA is over five years old and you are at least 59 ½.

Hypothetical examples are for illustrative and educational purposes only and not intended to predict future performance. The use of alternate assumptions could produce significantly different results.

Did you know? The primary IRA contract and the converted Roth IRA contract operate independently for allocations, strategies, and income elections. **Income can be turned on for either contract separately[4].**

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Questions?

Talk to your financial professional about how a partial Roth conversion strategy with Income Pay Pro may help create tax-free retirement income.

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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, AE638A/ICC21-AE638A (riders/ endorsements) or appropriate state variation by North American Company for Life and Health Insurance®, West Des Moines, IA. This product, its features and riders may not be available in all states.

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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 your 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.

1. Lifetime income refers to guaranteed payment of Lifetime Payment Amounts (LPAs) as defined in the GLWB Rider included in this contract. It does not refer to interest credited to the contract. Please consult with your tax advisor regarding tax treatment of LPAs, which will vary according to your individual circumstances

2. 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 the contract anniversary, while the rider is in effect.

3. Assumes a 65-year-old allocates $100,000 from a traditional IRA into a qualified Income Pay Pro fixed index annuity with an 8.00% annual compound roll-up. Partial Roth conversions of approximately $24,000 annually over four years, reflecting rider charges deducted from the accumulation value. Taxes are assumed at 18% and paid from assets outside the annuity. The initial conversion creates a Roth contract that mirrors the original, including guaranteed lifetime withdrawal benefit (GLWB) features, and continues to receive the same roll-up rate for the remaining deferral period. All subsequent partial conversions roll into the converted contract. The combined GLWB value at age 72 is approximately $171,382. Lifetime income is calculated using an 8.60% payout factor, resulting in $14,739 annually, all tax-free, assuming qualified Roth distributions. Assumes no withdrawals during the deferral period. Actual results may vary based on timing of conversions and product terms.

4. Partial Roth conversions are not permitted once lifetime payment amounts have begun on either the primary contract or the converted contract.

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