

Is Your Client's Annuity Where it Needs to be?

Prepare for your annual annuity review

Conducting an annual annuity review for your clients is important, as the initial reason for purchasing an annuity will likely change over time. You can help make sure the type of annuity held matches the intended use.

Clients are initially drawn to annuities for higher yields, tax advantages and liquidity/income. In retirement, clients main concerns are: A guaranteed lifetime income, an effective inflation hedge and a catastrophic event interrupting their income stream, assets and lifestyle.

Let's face it ... life changes — children leave home, clients move from employment to retirement and mortgages get paid off. As life changes, the purpose of an annuity will too. Schedule an Annuity Review with your clients to educate them about newer, better

solutions that also provide benefits more closely suited to the clients life as it is now.

When a Pension Protection Act (PPA) eligible OneAmerica® annuity is funded with non-qualified money (1035 exchange or cash) they can provide two advantages over other annuities:

1. Distributions for long-term care expenses are tax-free, regardless of the cost basis and gain.
2. They provide up to a lifetime benefit for long-term care, which many clients need as part of their overall financial plan.

Pension Protection Act (applies to NQ dollars only)

Existing annuity (funded with **after-tax** dollars)

\$50,000 basis + **\$100,000** gain =
\$150,000 cash value

Taxes owed on gain which is
withdrawn first

Withdrawal

↓
1035 Exchange

\$150,000 HIPAA qualified PPA
eligible annuity

Withdrawal

Beginning January 1, 2010, **income tax-free** as a reduction of cost basis

Long-term
care expenses

Note: The replacement of an existing life insurance or annuity must not be made unless all factors are weighed and it is documented as suitable for the client. Provided content is for overview and informational purposes only and is not intended as tax, legal, fiduciary, or investment advice.

How to begin:

- Sort your book of annuities
- Sort your book of business by maturity date, newest to oldest
- Sort the remainder by dollar amount
- Review each contract to determine:
 - Client age
 - Qualified or non-qualified status
 - Is the owner is taking income from the annuity?
- Finally, sort by age. Focus on clients between the ages of 60 and 85

Then, fill out the below questions:

Producer information

Name of producer	Phone number	Email address
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Client information

Name of Annuitant 1	Age or D.O.B.	State of residence
Name of Annuitant 2	Age or D.O.B.	State of residence

Policy information

Policy type: ☐ Fixed ☐ Variable ☐ Indexed

Cost base (sum of premiums paid) if non-qualified: _____

Current cash surrender value: _____

In surrender period: ☐ Yes ☐ No

Source of funds: ☐ Qualified ☐ Non-qualified

Primary objective for this annuity: ☐ Income ☐ Health care costs ☐ Legacy/ Death benefit ☐ Accumulation

Federal tax bracket: ☐ 37% ☐ 35% ☐ 32% ☐ 24% ☐ 22% ☐ 12% ☐ 10%

Email this form to:

Once your email is received, you will be sent illustrations and marketing pieces to assist you in your client Annuity Review Meeting.

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