

**INSTRUCTIONS & FORMS FOR REQUESTING A SECTION 1035 EXCHANGE  
FROM AN OUTSIDE COMPANY**

**LIFE & ANNUITIES**  
**(NON-QUALIFIED PRODUCTS ONLY)**

**SECTION 1035 EXCHANGE**

Internal Revenue Code Section 1035 permits a tax-deferred transfer of Life Insurance and Annuity policies between Insurance Companies. When circumstances warrant replacing one policy with another, a 1035 EXCHANGE allows policyholders to retain the cost basis in the initial policy and to defer taxation on any gain in the policy.



## **INSTRUCTIONS FOR REQUESTING A SECTION 1035 EXCHANGE**

### **WHAT TO DO:**

1. Complete a life or annuity application for your client.
2. Indicate in the replacement section of the application that this is a 1035 Exchange.
3. Complete any necessary replacement forms required for the state where the application was written.
4. Have the Owner/Insured complete the attached 1035 Exchange Agreement. Please note the Owner of the existing and new policy must be the same. If multiple policies are involved, complete an exchange agreement for each company. Forms must be completed in their entirety; partially completed forms cannot be accepted.
5. Collect the old policy from the Owner/Insured. If the policy is lost, have the Owner/Insured sign a statement advising that the policy is lost. (See WHAT TO EXPECT section 1.)
6. Send the above completed items to the NGL Home Office. Leave one copy of this 1035 Exchange Agreement with the Owner/Insured.

### **WHAT TO EXPECT:**

1. The 1035 request may be slowed down by not sending the policy contract with the initial request. Many companies require the contract or a lost policy affidavit signed by the Owner before they will surrender the policy. Sending a signed statement by the Owner advising that the policy is lost may be sufficient. The idea is to "cover all the bases" in our initial request and hopefully eliminate delays.
2. NGL promptly processes all 1035 requests. However, due to conservation efforts by the other company, normal processing time is five to eight weeks. Please keep in mind that companies legally may delay a surrender up to six months.
3. It is likely the other company will send surrender request forms to NGL, which we will forward to you to obtain the Owner's/Insured's signature. Please be prompt in getting these signed and back to the Home Office to complete the 1035 Exchange.
4. If we do not receive any acknowledgement from the other company, we will follow up with a second request 30 days from the date of our original request. You will receive a copy of the second request.
5. The exchange will be processed by Preneed New Business when the 1035 Exchange Request is received with an application. The exchange will be processed by Customer Service for inforce cases.
6. Funds will be credited as of the date they are received in the Home Office.



# NGL Insurance Group

National Guardian Life

Settlers Life

Other \_\_\_\_\_, hereafter NGL

## ABSOLUTE ASSIGNMENT OF POLICY For 1035 Exchange Purposes Non-Qualified Products Only

Current Policy:

Insurance Company: \_\_\_\_\_ Policy No: \_\_\_\_\_  
(Please indicate name exactly as it appears on the Policy)

Company Address: \_\_\_\_\_

Insured/  
Annuitant: \_\_\_\_\_ Policyowner: \_\_\_\_\_

Insured Social Security #: \_\_\_\_\_ Policyowner Social Security #: \_\_\_\_\_

Type of policy:  Life  Endowment  Annuity

The policy contract is:  Enclosed  Lost

This exchange is:  Full Exchange  Partial Exchange Amount: \$ \_\_\_\_\_

For value received, the undersigned policyowner assigns to NGL all rights, title and interest in policy number \_\_\_\_\_ issued by \_\_\_\_\_.

The policyowner intends this assignment to be part of an exchange of insurance policies as set forth in Section 1035 of the Internal Revenue Code. The policyowner agrees that NGL has made no representations concerning the tax treatment under Section 1035 or otherwise.

The policyowner is aware that NGL intends to surrender all or part of this policy for its cash value and specifically directs that the proceeds of this policy indicated above be transferred to NGL.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Owner

NGL acknowledges and accepts this assignment, and requests the full or partial surrender of this policy as indicated above.

\_\_\_\_\_  
Officer of NGL