



PRODUCER GUIDE TO BENCHMARK RELIANCESM SETTLEMENT OPTION 9

Summary

Settlement Option 9 provides equal monthly payments of principal and interest guaranteed for a specified payout period, with a lump sum (if any) payable at the end of the period. The period specified must be equal to or less than the annuitant's life expectancy based on the mortality table that satisfies the United States Centers for Medicare and Medicaid Services' guidelines. The owner may specify the percentage (from 0% to 99%) of the value applied to effect this settlement option to be paid out in a lump sum at the end of the specified payout period.

Issue Age Requirements

Issue age limits for owner(s) and annuitant(s) vary depending on the product version selected. If the owner is an entity, the annuitant(s) must meet the age requirements shown below, and joint annuitants must be spouses.

Product	Issue Age
BenchMark Reliance SM	0-90
BenchMark Reliance SM Extra 2	0-85
BenchMark Reliance SM Extra 4	0-80
BenchMark Reliance SM Extra 6	0-75
BenchMark Reliance SM Extra 8	0-75

Specified Payout Period

The owner may specify the payout period. However, the minimum payout period is the

lesser of the life expectancy of the annuitant or five years, and in no case can the specified payout period exceed the annuitant's life expectancy. The Company, based on the annuitant's sex, age, and the mortality table that satisfies the United States Centers for Medicare and Medicaid Services' guidelines, will determine the annuitant's life expectancy.

Determining Monthly Payments

The owner also specifies how much of the value applied to this settlement option is to be paid in a lump sum at the end of the specified payout period. Once the specified payout period has been determined and the lump sum amount has been selected, the monthly payments can be calculated. The monthly payments will be composed of the remaining percentage of the value applied to effect this settlement option and all interest credited over the specified payout period. At the end of the payout period, a lump sum equal to the remaining value (if any) may be paid to the annuitant, or the owner may elect a new specified payout period based on the annuitant's then-current life expectancy.

For example, let's assume: A male age 73 chooses to annuitize his Annuity Cash Value of \$100,000 under this settlement option. He would like \$40,000 (40%) to be paid in a lump sum at the end of the specified payout period. Based on his sex, age, and the mortality table that satisfies the United States Centers for Medicare and Medicaid Services' guidelines, the Company

determines that his life expectancy is 10.27 years or 123 months. He would receive monthly payments composed of the remaining amount of \$60,000 (60%) divided by 123 months plus all interest credited. This monthly payment would be approximately \$517 assuming an interest rate of 0.50%.

Exercising the Option

If the base product (no extra interest) is chosen, Option 9 may be exercised **during** the first contract year. With all other (extra interest) product versions, Option 9 may be exercised only after the first contract year.

Producer Requirements

To qualify to offer Settlement Option 9, you must complete the *Medicaid/Medi-Cal Producer Disclosure* and *Medicaid Quiz* (located on LegacyNet[®]) and return both to New Business.

Client Requirements

Clients must sign the *Annuity and Settlement Option Disclosure* and submit it with their application.

Application

Write "Settlement Option 9" in the *Special Instructions* section of the application (Page 2). If your client intends to exercise the option immediately, indicate "Settlement Option 9—Immediate" and do not complete the "Checkbook" Request Form.

Certain Cash Value Strategies[®] may have a market value adjustment (MVA), which can
 (Over)

be positive or negative and is assessed at the time of annuitization. If your client is planning on immediately electing Settlement Option 9, he or she may want to elect a strategy that does not have an MVA.

Annuitization

If your client wishes to annuitize the contract, please follow these steps:

- New contracts (base product only): Return all delivery requirements along with the *BenchMark RelianceSM and BenchMark 500SM Series Settlement Option Election Form* and the *Annuity and Settlement Option Disclosure*.
- Existing contracts: Return the *BenchMark RelianceSM and BenchMark 500SM Series Settlement Option Election Form* and “checkbook” (if issued).

Please note: Processing may take up to 30 days. Option 9 is not available on BenchMark 500SM.

Commissions

Commissions may be adjusted when Settlement Option 9 is exercised in the first contract year. See the *Compensation Schedule* for details.

Centers for Medicare and Medicaid Services (formerly HCFA) Guidelines

For an annuity to be considered an unavailable asset (i.e., non-countable) for

Medicaid eligibility purposes, it must be properly annuitized. A properly annuitized contract meets these federal guidelines:

- Actuarially Sound. The income payments are scheduled for a time period that is equal to or less than the annuitant’s life expectancy, and the life expectancy is calculated using the Social Security Administration’s tables.
- Irrevocable. The annuity is non-surrenderable, (your client cannot sell or cash it in), there is no surrender cash value, and it is nontransferable (your client cannot transfer it to someone else).
- Non-Assignable. Your client cannot borrow against it or use it as collateral.
- Non-Commutable. Your client cannot stop the income payment, take a lump sum, or change the beneficiary designation once the option is elected.

State guidelines vary. It is advisable to refer the owners to their local Medicaid office to determine eligibility.

Frequently Asked Questions

What value may be applied to effect this settlement option?

The amount applied to this option is the greater of the following:

- Annuity Cash Value, adjusted for any

market value adjustment, retroactive interest adjustment, and applicable premium taxes.

- Guaranteed Annuity Cash Value adjusted for any applicable premium taxes.

What happens if the annuitant dies before the end of the specified payout period?

Upon the death of the annuitant, any remaining payments continue as scheduled and will be paid to the beneficiary. Remaining payments cannot be commuted. A lump sum, if any, will be paid to the beneficiary named upon election of the settlement option.

What happens if the annuitant outlives the specified payout period?

At the end of the specified payout period, any remaining value will be: (1) applied to a new specified payout period or (2) paid in a lump sum to the annuitant. If a new specified payout period is elected, it will be based on the annuitant’s then-current life expectancy, and monthly payments will be made to the designated payee. No changes can be made to the beneficiary designation.

Who receives the payments?

The owner(s) may specify a payee and address for the payments. Otherwise, the monthly payments are made to the annuitant.

American National Insurance Company, Galveston, TX

Products distributed through

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Please Note: Settlement Option 9 may not be available in all states.

Medicaid Disclosure: Legacy Marketing GroupSM, its representatives and American National Insurance Company do not give legal or tax advice. **Medicaid eligibility rules are complex, vary by state, and are subject to change.** There are many factors that determine whether a person qualifies for Medicaid. When certain annuity settlement options are elected and annuity payments actually begin, the annuity may possibly be excluded by a state in determining

whether the owner is eligible for Medicaid but only if certain government guidelines are satisfied (for example: payments must be non-commutable, non-assignable, nontransferable, and irrevocable).

We will not be responsible as a result of your client’s inability to qualify for Medicaid. You and your clients should consult an attorney specializing in elder law before an annuity is purchased in connection with Medicaid planning. The information contained in this guide is subject to change without notice.

For Broker Use Only. Not for public use. Products, strategies, and certain settlement options are not approved in all states. In certain states, the BenchMark RelianceSM annuity is available only to members of qualified groups.

For exact terms and conditions, please refer to the contract.