



PRODUCER GUIDE TO BENCHMARK RELIANCESM SETTLEMENT OPTIONS 7 AND 8

Option 7*

Guaranteed interest income for a specified period—Interest-only payments guaranteed for a specified period equal to or less than the annuitant’s life expectancy from the Social Security Administration tables.

Option 8*

Life income for a specified period—Fixed monthly payments of principal and interest guaranteed for a specified period equal to or less than the annuitant’s life expectancy from the Social Security Administration tables.

Issue Age

The attained age of the owner(s) must be as follows. 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	0–99
BenchMark Reliance SM Extra 2	0–89
BenchMark Reliance SM Extra 4	0–89
BenchMark Reliance SM Extra 6	Options 7 and 8 not available
BenchMark Reliance SM Extra 8	Options 7 and 8 not available

Premium Requirements

- \$10,000 minimum initial premium, qualified and nonqualified.
- \$2,000 minimum additional premium. Total additional premium limited to 50% of total

first-year premium. Accepted in contract years 1–10.

- \$1 million cumulative maximum without Home Office approval.

Producer Requirements

Before submitting your first application, complete the *Medicaid/Medi-Cal Producer Disclosure* and *Medicaid Quiz* and return to New Business.

Client Requirements

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

Application

Options 7 and 8 must be requested at time of application. Write “Settlement Option 7” or “Settlement Option 8” in the *Special Instructions* section of the application (Page 2). An amendment will be attached to the contract, giving your client the flexibility to exercise either option in the future. If your client intends to annuitize immediately, request no “checkbook.”

Certain Cash Value Strategies® may have a market value adjustment (MVA), which can be positive or negative and is assessed at the time of annuitization. If your client is planning on immediately electing Settlement Option 7 or 8, he or she may want to elect a strategy that does not have an MVA.

Annuitization

New contracts—Send all delivery requirements with the *BenchMark RelianceSM* and *BenchMark*

500SM Series Settlement Option Election Form.

Existing contracts—Return original contract, the *BenchMark RelianceSM* and *BenchMark 500SM Series Settlement Option Election Form*, and “checkbook” (if outstanding).

Please note: Processing may take up to 30 days. Options 7 and 8 are not available on BenchMark 500SM.

Commissions

Commissions are reduced for older issue ages. See *Compensation Schedule*.

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 annuity meets these federal guidelines:

- **Actuarially Sound.** The income payments are scheduled for a time period that is equal to or less than your client’s life expectancy; *and* the life expectancy is calculated using the Social Security Administration tables.
- **Irrevocable.** The annuity is non-surrenderable, meaning 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 change the income payment once elected.

* Not available in all states.

FREQUENTLY ASKED QUESTIONS

Questions About Option 7

How are payments determined?

Interest income for the specified period is based on the Annuity Cash Value on the date the settlement option is processed, adjusted for any market value adjustment, retroactive interest adjustment, and applicable premium taxes. The Company determines the specified payout period based on the sex* and age of the annuitant from the Social Security Administration tables.

What happens if the annuitant outlives the specified payout period or estimated life expectancy?

If the annuitant outlives the specified period or estimated life expectancy, the owner(s) can choose one of these options 30 days before the specified period ends:

- Receive the net account balance paid in a lump sum to the annuitant.
- Continue interest payments over a new specified payout period based on the annuitant's then-current age and life expectancy according to Social Security Administration tables.

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

If the annuitant dies before the end of the specified period, the beneficiaries can choose one of these options:

- Continue interest payments until the end of the specified period, with the last payment being the net account balance.
- Receive a lump sum equal to the net account balance. If the beneficiary is a trust

or corporation, the only available option is a lump sum payout.

- Transfer the full account balance into a non-commissionable single premium immediate annuity with American National Insurance Company with a minimum payout of five years. This option is available only if:**
 - The annuitant(s) dies at least three years after the contract effective date.
 - The beneficiary continues payments for at least three years after the contract effective date.

What is the "net account balance"?

The net account balance is the account balance of remaining payments adjusted with a back-end surrender charge called an "account adjustment factor." The net account balance is determined by multiplying the account balance by the applicable account adjustment factor:

Table of Account Adjustment Factors

Year Since Contract Effective Date	Account Adjustment Factor
1	0.90
2	0.91
3	0.92
4	0.93
5	0.94
6	0.95
7	0.96
8	0.97
9	0.98
10	0.99
11	1.00

Questions About Option 8

How are payments determined?

If Option 8 is exercised more than three years after the contract effective date, and the payout period is at least five years, the full Annuity Cash Value is applied to monthly payments. If Option 8 is exercised during the first three contract years, or if the payout is less than five years, the surrender value is applied.†

What happens if the annuitant dies during the specified payout period?

If the annuitant dies during the specified period, the beneficiaries can choose one of these options:

- Continue income payments until the end of the specified payout period.
- Elect a lump sum. The lump sum will be the present value of the remaining scheduled payments. If the beneficiary is a trust or corporation, the only available option is a lump sum payout.

What happens if the annuitant outlives the specified payout period?

If the annuitant outlives the specified period, the payments will end when the specified payout period is completed.

American National Insurance Company, Galveston, TX

Products distributed through

Legacy Marketing GroupSM

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* In Florida, the specified payout period is based only on the age of the annuitant.

** The beneficiary may be responsible for income taxes prior to transferring to the SPIA. Clients should consult their tax advisor for more information.

† In Florida, only the Annuity Cash Value is applied to monthly payments.

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.

Please Note: Options 7 and 8 may not be available in all states and may not be used in all states to qualify for Medicaid. **Medicaid eligibility rules are complex, vary by state, and are subject to change.** Legacy Marketing GroupSM, its representatives, and insurance carriers do not give legal or tax advice. This guide simply

reflects our understanding of the tax rules, regulations, and laws concerning Medicaid in effect at the time of publication. We will not be liable for any claims or losses as a result of your clients' inability to qualify for Medicaid. You should contact an attorney specializing in elder care law before recommending the purchase of an annuity to your client.

The information contained in this guide is subject to change without notice.