

Optional Annuity Riders Fact Sheet

Wealth Planning | Insurance and Annuities

Annuity Optional Riders and Features

Riders are optional features that are available for some annuity products at an additional cost. Riders allow you to tailor your annuity contract to help protect what is most important to you. The most common primary objectives are to ensure a specific income amount, guarantee a death benefit, or protect principal.

Benefits

The three most common optional riders are: guaranteed lifetime withdrawal benefits (GLWB), enhanced death benefits (EDB), and guaranteed minimum accumulation benefits (GMAB). Many of these optional riders provide benefits that align with individuals' financial goals and objectives.

Guaranteed Lifetime Withdrawal Benefits (GLWB)

Lifetime Income: A consistent income stream that will last for a single life or joint life for spouses, even in an IRA.

Income Floor: Regardless of performance or current contract value, your income payment will never decline, provided there were not any excess withdrawals.

Income Base Growth: Many optional riders provide a guaranteed growth rate for an income base during the income deferral phase. Guaranteed growth rates typically range from 5% to 7% for up to 10 years or the first lifetime withdrawal.

Withdrawal Amount: Lifetime income payments are calculated using the income base multiplied by a withdrawal rate. The withdrawal rate is based on your age at the time of the first lifetime withdrawal. A typical withdrawal rate for a 65-year-old is 5%.

Enhanced Death Benefits (EDB)

Standard Death Benefit: Most standard death benefits are the greater of the contract value at death or premiums paid adjusted proportionately for withdrawals.

Lock In Death Benefit: These death benefits will lock in a highest value death benefit based on the contract value performance on a daily, monthly, quarterly, or, most commonly, annual contract anniversary.

Guaranteed Growth Death Benefit: Provides a percentage of guaranteed growth to the death benefit value regardless of annuity performance. This growth typically lasts for a specified number of years or to a certain age.

A guaranteed lifetime withdrawal benefit (GLWB) provides income protection, not principal protection. In other words, your investment may decrease in value due to poor market performance, but your income will not be reduced. Guarantees are subject solely to the claims-paying ability of the issuing insurance company and do not apply to the safety or performance of amounts invested in the variable investment options. There may be conditions, limitations, and restrictions associated with a particular GLWB. A GLWB is an optional feature that is provided at an additional cost. The cost varies by company, and depending on the annuity company, this charge may be calculated on either the account value or benefit base. Most annuity companies reserve the right to increase this charge if there is an account value step-up of the benefit base (up to a maximum stated fee). This would be in addition to investment account fees and the annuity mortality and expense charge.

Annuities are suitable for long-term investment and entail fees, such as mortality and expense charges and optional benefit rider charges. All withdrawals of taxable amounts, including earnings, are taxable as ordinary income. Withdrawals may be subject to surrender charges, and if made prior to age 59 ½, may be subject to a 10% federal tax penalty. Withdrawals reduce the cash surrender value.

Investors should obtain a prospectus for an annuity's contract and the underlying subaccounts and consider the investment objective, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other important information, is available from your Financial Advisor and should be read carefully before investing. Variable annuities are not insured by the FDIC or any government agency and involve market risk, including the possible loss of principal.

Guaranteed Minimum Accumulation Benefits (GMAB)

Principal Protection: The rider allows you to invest over a period of time, and if your investments underperform, the insurance company will reimburse your principal amount after a holding period, which is typically 10 years.

Optional Resets: GMABs will often allow you to reset the protected amount based on a contract anniversary value.

Important Considerations

Insurance Company Strength: Optional riders are purchased at an annual expense and are guaranteed by the claims-paying ability of the underlying insurance company. They are not protected by the FDIC or SIPC.

Benefit Base: Whether an income base or death benefit base, this amount is not a cash surrender value.

Death Benefit Retention: For a death benefit to remain in force, there must be a contract value at death.

Multiple Riders: Although it may be permitted to add multiple riders on one contract, it is unlikely individuals would benefit from more than one.

Proportionate Reduction: Death benefits and enhanced death benefit riders are often reduced proportionately for all withdrawals.

Investment Restrictions: Some optional riders may impose a restriction on investment allocations and/or rebalancing.