Annuity

NORTH AMERICAN®
A Sammons Financial Company

Issued by North American Company for Life and Health Insurance®

Exploring fixed index annuities

How you can use this kit with clients

Client presentation
The front of each page features client-friendly valuable information, graphics, and even interactive pieces to help you get the conversation going.

Financial professional notes
The back of each page can help guide you through the kit with talking points and important reminders.

If you have a whiteboard marker handy, you can interact with your client as they place a check mark next to what interests them on certain pages. When the meeting is over, you can simply erase the marks and reuse with the next client who could benefit from a fixed index annuity.

You can use this checklist to understand some of your client's most pressing concerns.

This can help start the conversation about financial needs in retirement.

The term financial professional is not intended to imply engagement in an advisory business in which compensation is not related to sales. Financial professionals that are insurance licensed will be paid a commission on the sale of an insurance product. As independent financial professionals, it is up to you to choose whether any of the sales concepts contained in these materials might be appropriate for use with your particular sales strategy and clients. Please note that North American does not require you to use any of these sales concepts; they are resources that can be used at your discretion for your own individualized sales presentations if appropriate for the particular client and circumstances.

Common client concerns

Which ones are you most worried about?

- ❒ Outliving my money
- ❒ Flexibility/liquidity of my money
- ❒ Maintaining my current lifestyle through retirement
- ❒ Protecting my premium
- ❒ Social Security may not be available
- ❒ Need for nursing home care

This conversation may help you understand
your clients' goals and determine
an appropriate product direction.
Familiarize yourself with our portfolio
using the product overview (form 24279Z).

Is a fixed annuity right for you?

Which of these benefits are you interested in?

- ❒ Income for life
- ❒ Protecting premium
- ❒ Guaranteed rate of return
- ❒ Potential for growth
- ❒ Tax deferral
- ❒ Access to a portion of my money (liquidity)
- ❒ Leaving a legacy/death benefit

Looking for additional helpful resources for your clients?

Find client-friendly stats, flyers, videos, and more on the Indexed Annuity Leadership Council (IALC) website.

http://indexedannuitiesinsights.com

Fixed

Fixed index annuities are contracts with insurance companies that generally offer certain guarantees, such as not losing value due to market downturns.

Index

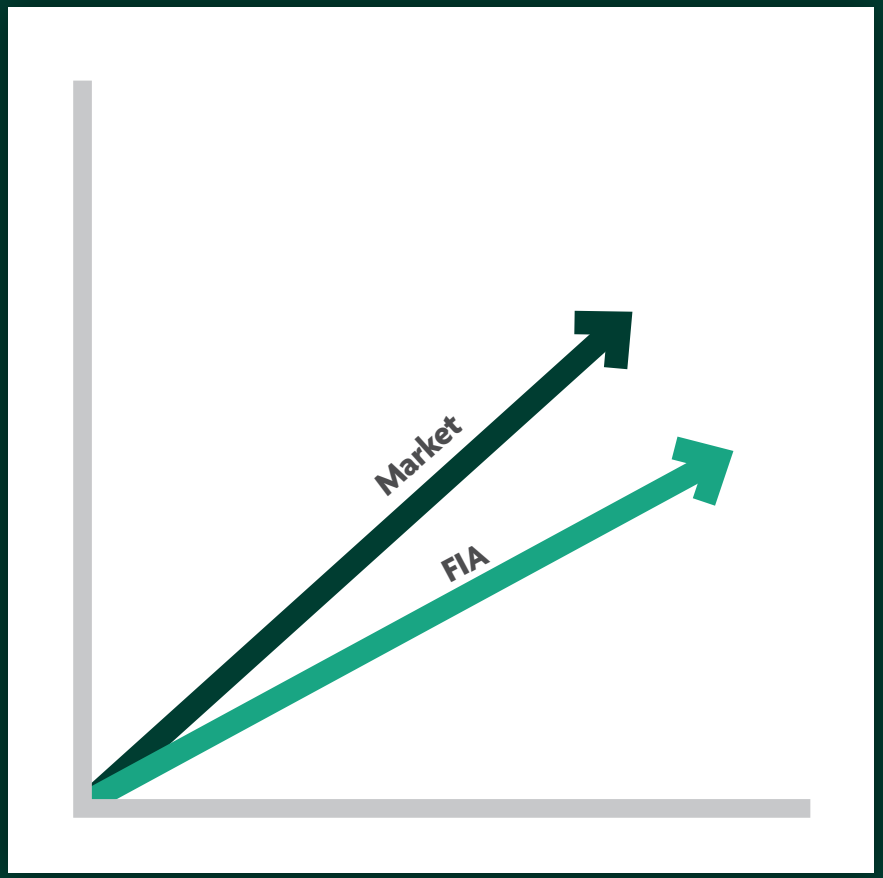
A fixed index annuity is a unique annuity that credits interest to your annuity's value based upon the movement of an underlying market index. Growth of a FIA is calculated based on the index it is linked to, and how that index performs. Fixed index annuities are not a direct investment in the stock market.

Annuity

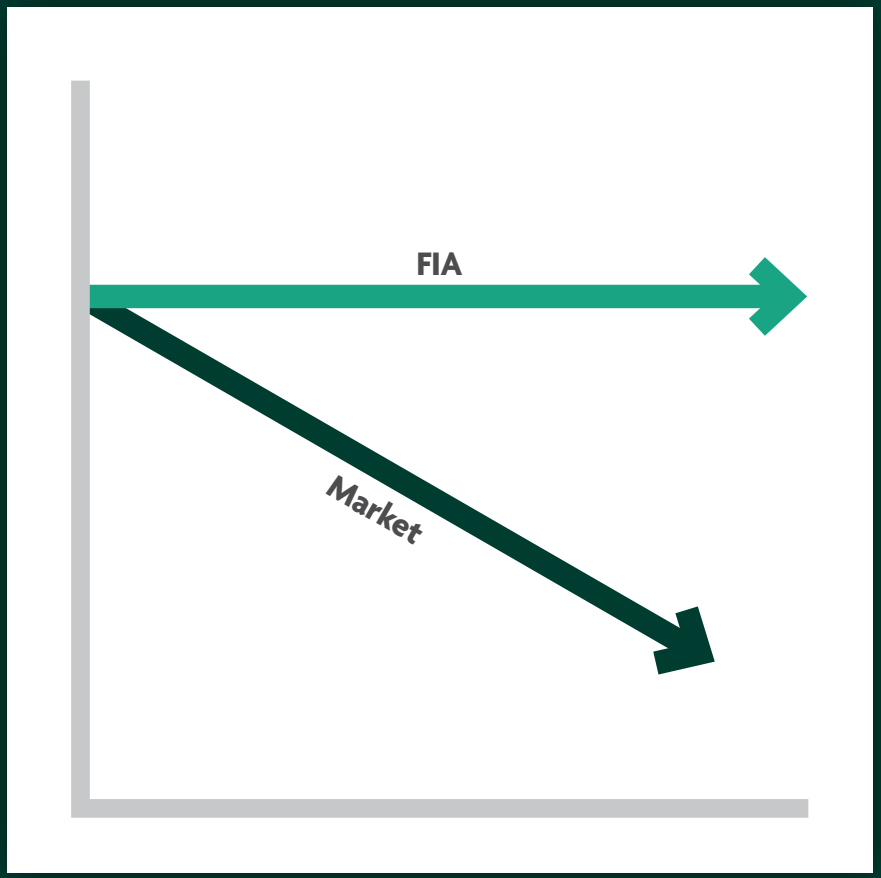
An annuity is a contract in which an insurance company grows client premium and then may make a series of income payments at regular intervals. These payments can be immediate or deferred depending on the annuity type. Annuities are most often bought for accumulation and future retirement income.

Each FIA product generally credits a portion of the total index gain based on the crediting method chosen, but does not lose value due to market downturns.

In an up market



In a market downturn



The cap, participation rate, and margin differ by product and are declared annually (or by term). Product illustrations before your client meeting may help provide greater understanding of these product features.

Indexing continued...

Cap

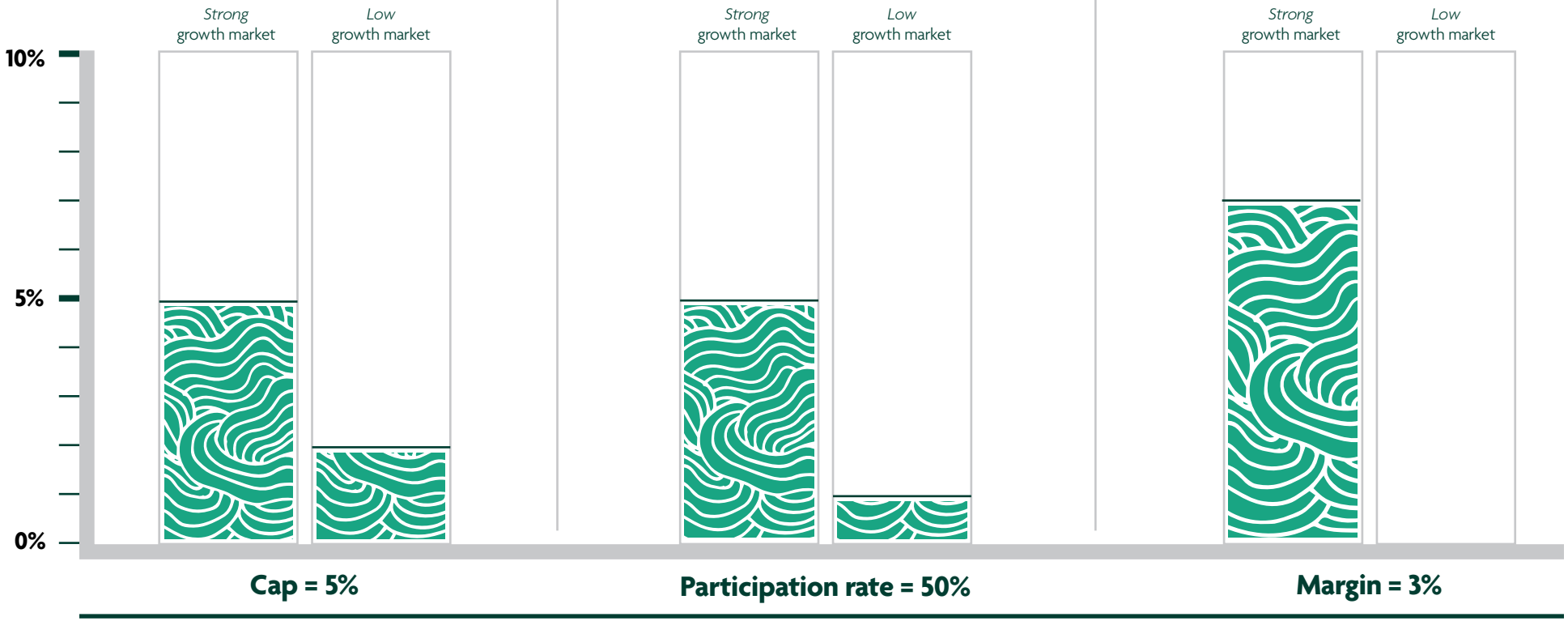
Some annuities may apply an upper limit, or cap, on the percentage change in the index value. This is the maximum rate of interest the annuity can earn for that year.

Participation rate

Some annuities apply a participation rate which is a percentage of any increase in the index value that will be used to calculate the interest credit percentage.

Margin

In some annuities, the interest credit percentage is calculated by subtracting a specific percentage from the percentage change in the index value. This percentage is sometimes referred to as the margin.



These hypothetical examples demonstrate how the cap, participation rate, and margin apply in a **strong growth market (10%), and a low growth market (2%).**

Interest credit(s) will never be less than zero

Clients may have questions about the differences between taxable and tax-deferred products.

FIA highlights:

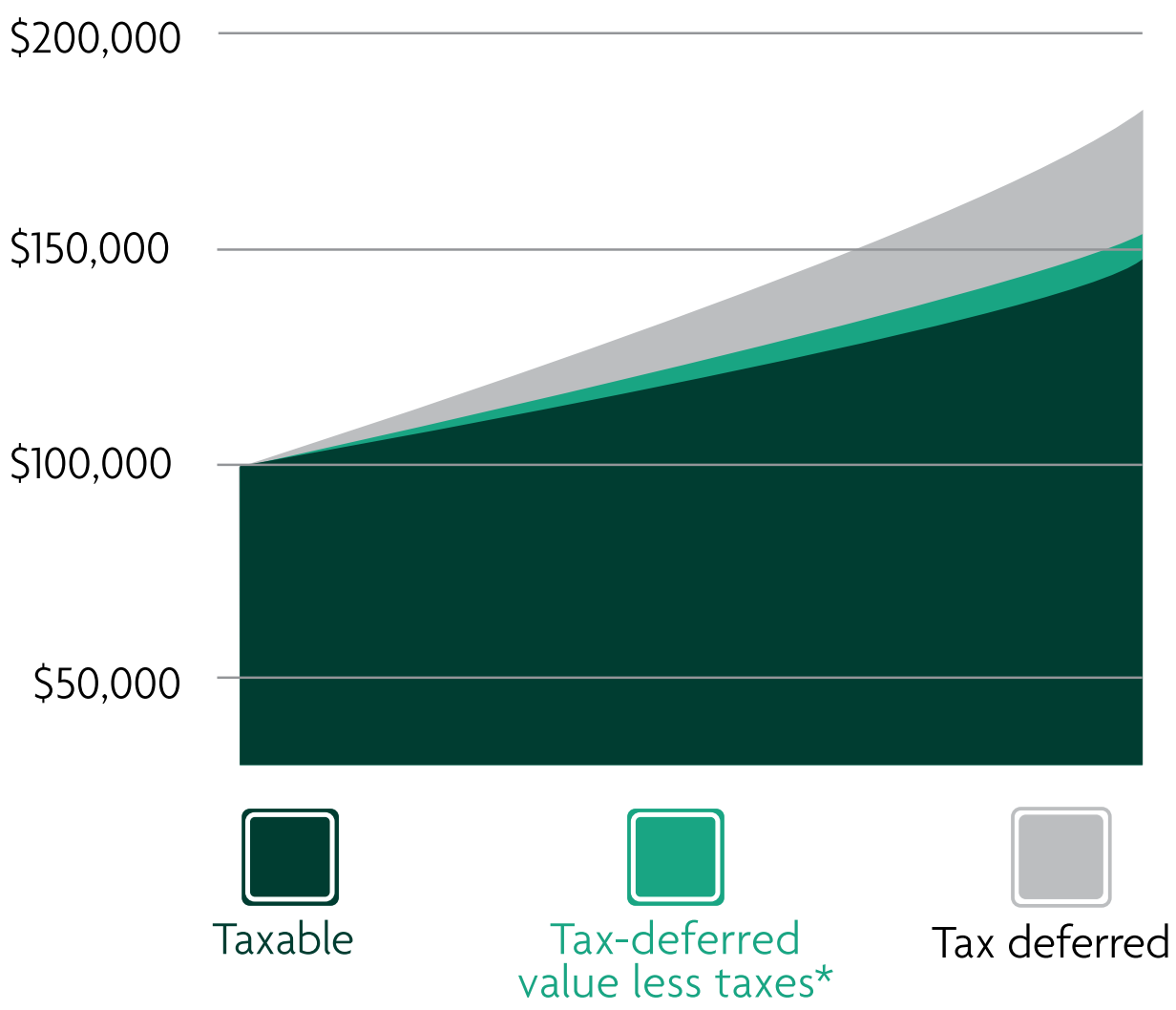
Tax deferral

You won't owe tax on your fixed index annuity interest earnings until you or your beneficiaries start receiving income.

*The chart is a hypothetical example of tax deferral and assumes an initial premium of $100,000 earning 4% compounded annual rate of return for 15 years. It is not intended to predict or project performance.

*The tax-deferred value less taxes represents the increase in value, due to tax deferral, less taxes at an assumed rate of 33% with no surrender charge or market value adjustment (MVA), also known as interest adjustment, applied.

Under current law, annuities grow tax-deferred. An annuity is not required for tax deferral in qualified plans. Annuities may be subject to taxation during the income or withdrawal phase. Note: Neither North American, nor any financial professional acting on its behalf, should be viewed as providing legal, tax or investment advice. Consult with and rely on your own qualified advisor.



FIA highlights:
Liquidity

If you have concerns about unplanned expenses, such as nursing home care, you may be able to adapt your FIA to changing life situations.

If your client's beneficiaries are adult children, it might be beneficial to plan a "family meeting" with all parties involved. This can allow you to create a holistic plan, as well as identify other assistance you can provide.

FIA highlights:
Leaving a legacy

Your FIA provides a death benefit to those you love in the manner that could best fit their specific financial needs.

Properly naming a beneficiary may help you avoid probate, which can be costly and cause major delays.

This is intended to show how FIAs relate
in terms of risk and features.

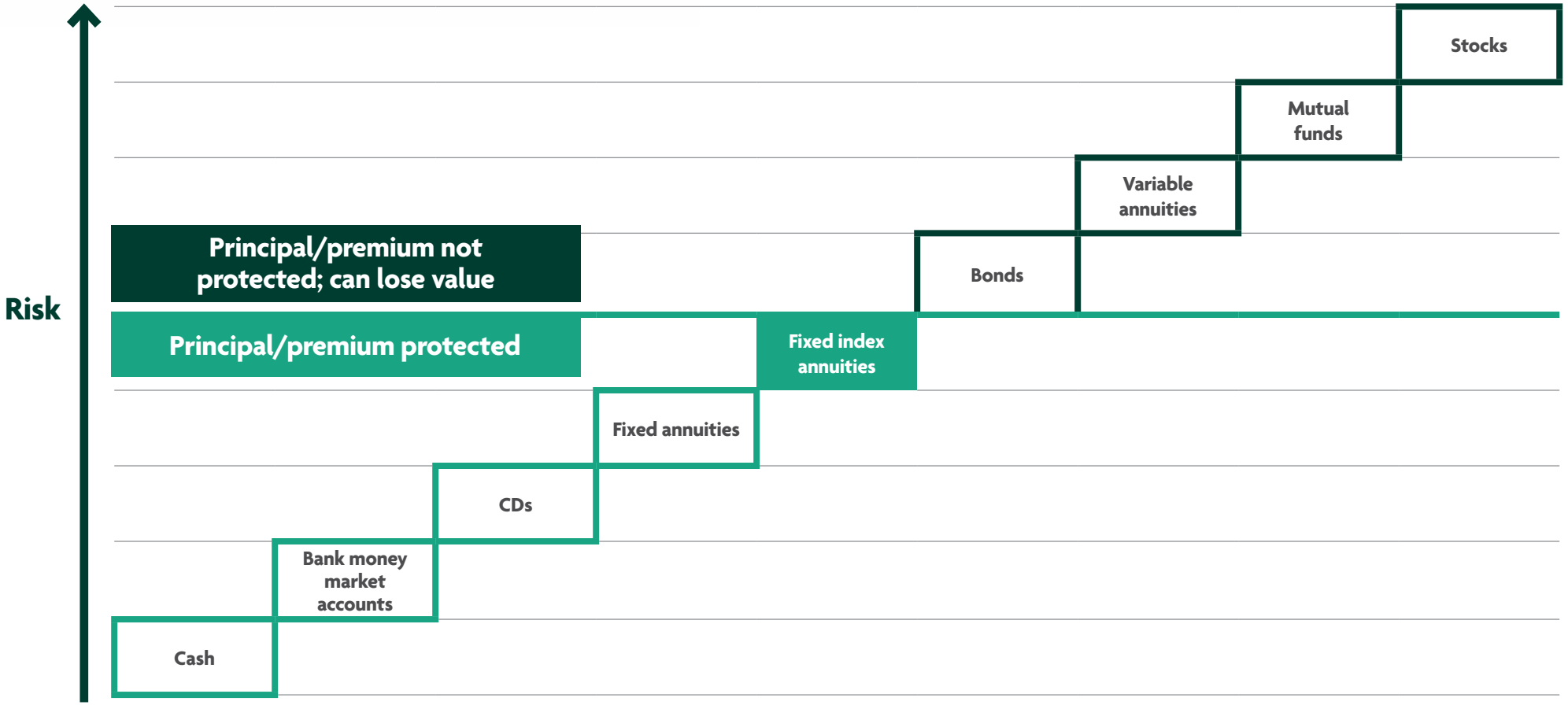
Which of these are you most familiar with?

- ❒ Savings accounts
- ❒ Money markets
- ❒ CDs
- ❒ Multi-year annuities
- ❒ Fixed index annuities
- ❒ Variable annuities
- ❒ Stock mutual funds

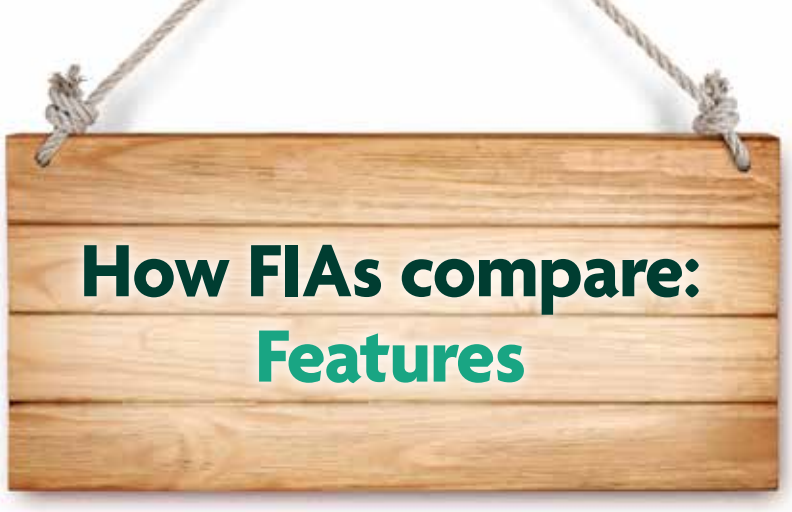
This is an opportunity to show where FIAs fit on the risk spectrum. FIAs ensure the premium is protected from market downturns, which puts them below the line on the chart.

There is no “best” product, but there are products that can be a better fit in order to help meet your clients’ goals.

How FIAs compare:
Risk spectrum



The above chart is meant to serve as a general guide of where FIAs may fall in the financial services spectrum of common products.
It is not a guarantee of performance individually or performance correlation or safety of the above listed vehicles.



How FIAs compare: Features

	Safety of principal/premium	Tax deferral	Guaranteed lifetime income	Growth potential
Savings account	✓			
Certificate of deposit	✓			
Money market	✓			
Multi-year fixed annuity	✓	✓	✓	
Variable annuity		✓	✓	✓
Stock mutual fund				✓
Fixed index annuity	✓	✓	✓	✓

"Income or lifetime income" refers to guaranteed payment of lifetime payment amounts ("LPAs"). It does not refer to interest credited to the contract. Consult with your own tax advisor regarding tax treatment of LPAs, which will vary according to individual circumstances.

Our roots go back more than 136 years with the 1886 founding of North American Accident Association.

For the last 30 years, North American has consistently earned high ratings based on our financial strength, operating performance and ability to meet obligations to our policyholders and contract holders.

"A+" (Superior) A.M. Best

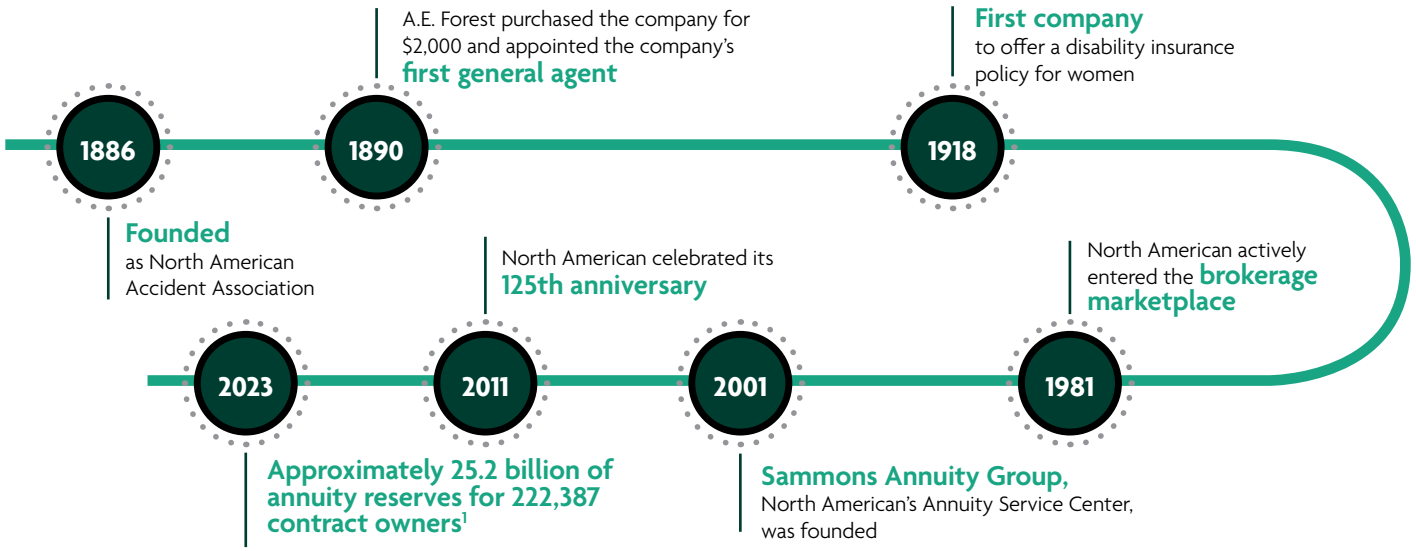
"A+" (Strong) S&P Global Ratings

"A+" (Stable) Fitch Ratings

Ratings are subject to change.

A.M. Best is a large, third-party independent reporting and rating company that rates an insurance company on the basis of the company's financial strength, operating performance, and ability to meet its obligations to policyholders. S&P Global Ratings is an independent, third-party rating firm that rates on the basis of financial strength. Ratings shown reflect the opinions of the rating agencies and are not implied warranties of the company's ability to meet its financial obligations. The ratings apply to North American's financial strength and claims-paying ability. **A)** A.M. Best rating affirmed on August 29, 2023. For the latest rating, access ambest.com. **B)** Awarded to North American as part of Sammons® Financial Group Inc., which consists of Midland National® Life Insurance Company and North American Company for Life and Health Insurance®. **C)** S&P Global rating assigned Feb. 26, 2009 and affirmed on May 24, 2023. **D)** Fitch Ratings, a global leader in financial information services and credit ratings, on Nov. 30, 2023, assigned an Insurer Financial Strength rating of A+ Stable for North American. This rating is the fifth highest of 19 possible rating categories. The rating reflects the organization's strong business profile, low financial leverage, very strong statutory capitalization and strong operating profitability supported by strong investment performance. For more information access fitchratings.com.

From our earliest days in 19th century Chicago to a brave new world of the 21st century, North American has a history of innovating and evolving as the industry - and the country itself - has grown. Throughout our 136 year history, we've helped provide growth, income and financial protection to the clients we serve. Our annuity products have consistently provided value to our clients – in all types of market and economic environments.



1. North American Annual Statement 2023

Now that you have a better understanding of your client's desired product features, visit the North American website to run an illustration, use Annuity e-Biz, download materials (brochures, forms), and more.

Review our fixed index annuity portfolio snapshot piece (24279Z) to view product benefits, features and highlights.

Which of the benefits we talked about are most valuable to you

- ❒ Guaranteed lifetime income
- ❒ Accumulation and growth
- ❒ Leaving a legacy

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fixed index annuities

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A Sammons Financial Company

West Des Moines, IA

NorthAmericanCompany.com

Sammons Financial® is the marketing name for Sammons® Financial Group, Inc.'s member companies, including North American Company for Life and Health Insurance®. Annuities and life insurance are issued by, and product guarantees are solely the responsibility of, North American Company for Life and Health Insurance®.

Fixed index annuities are not a direct investment in the stock market. They are long term insurance products with guarantees backed by the issuing company. They provide the potential for interest to be credited based in part on the performance of specific indices, without the risk of loss of premium due to market downturns or fluctuation. Although fixed index annuities guarantee no loss of premium due to market downturns, deductions from the accumulation value for optional benefit riders or strategy fees or charges associated with allocations to enhanced crediting methods could exceed interest credited to the accumulation value, which would result in loss of premium. They may not be appropriate for all clients. Interest credits to a fixed index annuity will not mirror the actual performance of the relevant index.