

SUBSTANTIALLY EQUAL PERIODIC PAYMENTS UNDER SECTION 72(t) I.R.C.

Section 72(t) of the Internal Revenue Code imposes a 10 percent penalty tax on premature distributions made from tax deferred annuity contracts. A premature distribution is a distribution made to a recipient who is younger than age 59½. Section 72(t) imposes the tax on “qualified” annuities, including 403(b) and Individual Retirement Annuities (IRAs).

72(t) allows for a number of exceptions under which the 10 percent penalty tax will not be imposed. Among those exceptions are distributions which are part of a series of “substantially equal periodic payments.”

Several complex requirements must be observed in the establishment of a “substantially equal periodic payment” plan. IRS guidance indicates that “substantially equal periodic payments” must:

1. Be made NO LESS FREQUENTLY THAN ANNUALLY;
2. Continue for the LONGER of 5 years, or until the recipient reaches age 59½.
3. Be based on the life or life expectancy of the recipient.
4. Be calculated in a manner allowing for continuation of PAYMENTS FOR THE DURATION of the recipient’s life expectancy under “reasonable” mortality assumptions for the life or life expectancy of the individual, or the joint lives or joint life expectancy of the individual and his/her designated beneficiary.
5. Be calculated in a manner which assumes NO MORE THAN A “REASONABLE” LEVEL OF INTEREST OR INVESTMENT RETURN.

As a service to you, North American will perform calculations which will establish a schedule of periodic (monthly, quarterly, semi-annual, or annual) payments which are intended, but not guaranteed, to comply with the requirements identified above. If you would like North American to make these calculations for you or if you provide the payment amount based on your own calculations, please read the following statements. If you agree with the statements, provide your signature in the space indicated and complete the remainder of the form.

I have consulted a tax or investment adviser, pursuant to which I am requesting that calculations be made in order to establish a schedule of “substantially equal periodic payments” which will be paid to me as contemplated under section 72(t) of the Internal Revenue Code. In making this request, I understand and agree with the following statements.

- North American does not provide tax or legal advice. North American makes no guarantees that any interest rate or mortality assumption will be viewed as “reasonable” by the Internal Revenue Service.
- Any failure to observe the requirements associated with substantially equal periodic payments will result in imposition of the 10 percent penalty tax on all payments previously received, plus interest.
- North American will not be held liable for any additional tax, interest, or penalties, or any damages or losses of any kind, direct or indirect, arising as a result of my election to take “substantially equal periodic payments.”
- This election is in lieu of other payment and withdrawal options provided in the original contract and will remain in force and in effect until written notice is provided to the company to change this election. As part of this election, no additional contributions can be made to this policy.
- Distributions will be reported to the Internal Revenue Service as required.
- Surrender charges will apply to all distributions according to the applicable contract provisions.

Contract Owner Signature

Date

Please complete reverse side of form.



4350 Westown Parkway • West Des Moines, IA

Phone: (866) 322-7069 • Fax: (866) 322-7071 • www.nacannuity.com

Request for Substantially Equal Periodic Payments (SEPP)

Policy # _____ Owner Name _____

SEPP METHOD ELECTION - Please choose number one or two.

(1) PAYMENT METHOD CALCULATED BY NORTH AMERICAN

(A) PAYMENT METHOD (Please choose one only)

- AMORTIZATION METHOD ANNUITY METHOD RMD METHOD

(B) PAYMENT CALCULATION (Please choose one only)

- Single Life Expectancy Joint Life Expectancy - Please complete the following information:
 • The date of birth of the oldest primary beneficiary of my policy is _____
 • The beneficiary of my policy is my spouse. Yes No

(C) PAYMENT FREQUENCY (Please choose one only)

- Monthly Quarterly Semi-annual Annual

(D) PLEASE COMPLETE THE FOLLOWING INFORMATION

(1) DATE FIRST PAYMENT TO BE GENERATED: _____
 (Subsequent payments will be generated on the same day/date, depending on the frequency of payments.)

(2) SPECIAL INSTRUCTIONS: _____

(2) PAYMENT METHOD CALCULATED BY MY TAX ADVISOR/ACCOUNTANT

(A) 72(t) calculation was performed by my tax adviser/accountant, and has been determined to be consistent with the applicable IRS requirements. I wish to make a withdrawal of the following amount \$ _____ each (check one):

- Monthly Quarterly Semi-annual Annual

For Pension Sharing Plans, and Tax Sheltered Annuities, separation from service is required prior to electing substantially equal periodic payments.

FEDERAL TAX WITHHOLDING - Please choose yes or no.

(1) DO YOU WISH TO HAVE FEDERAL TAXES WITHHELD? (State, if applicable.) Yes No
 On TSA and HR10 contracts, we are required to withhold federal taxes of 20 percent.

Under penalties of perjury, I certify that:

- (A) The number shown on this form is my correct taxpayer identification number, and
 (B) I am not subject to backup withholding either because I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding.

Date	Owner's Signature	Owner's Social Security Number
Date	Signature of Owner's Spouse, if required in Community Property States <input type="checkbox"/> Not Married	Telephone Number



Please complete reverse side of form.

