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Common Annuity Riders

A note about variable annuities

Variable annuities are long-term investments suitable for retirement funding and are subject to market fluctuations and investment risk, including the possibility of loss of principal. Variable annuities contain fees and charges including, but not limited to mortality and expense risk charges, sales and surrender (early withdrawal) charges, administrative fees and charges for optional benefits and riders.

Variable annuities are sold by prospectus, which contains information about the variable annuity, including a description of applicable fees and charges. These include, but are not limited to, mortality and expense risk charges, administrative fees, and charges for optional benefits and riders. The prospectus can be obtained from the insurance company offering the variable annuity or from your financial professional. Read it carefully and consider the risks and objectives carefully before investing.

An annuity is a contract between you (the purchaser or owner) and the issuer (an insurance company). In its simplest form, you pay money to the annuity issuer, the issuer invests the money for you, and then the issuer pays out the principal and earnings back to you or to a named beneficiary.

An immediate annuity is a contract between you and an insurance company in which you pay a single sum of money to the company in exchange for its promise to make payments to you for a fixed period of time or for the rest of your life.

Annuity riders are optional features that provide added benefits to a basic annuity contract. For example, some riders focus on offering greater access to the annuity's principal, or providing long-term income.

Annuity riders usually come with an annual cost, generally ranging from .1% to 1.0% of the annuity's value. Review the annuity sales materials and prospectus for a description of applicable fees and charges. The availability of a specific annuity rider usually depends on the annuity issuer and the type of annuity you are considering.

Cost-of-living adjustment rider

The cost-of-living adjustment rider, available on some immediate annuities, increases immediate annuity payments by a stated annual percentage to offset the effects of inflation. However, due to the added cost of this rider to the issuer, the first few payments from an annuity with this rider are typically less than they would be without the rider. It usually takes several years before cost-of-living immediate annuity payments equal or exceed immediate annuity payments without this rider.

Cash/installment refund rider

Available on some immediate annuities, the cash refund rider provides that if the total of all immediate annuity payments received by the time of your death is less than the investment (the premium) you paid into the immediate annuity, the difference is paid in a

lump sum to your annuity beneficiary. The installment refund rider is similar to the cash refund rider, except that your beneficiary receives the balance of the immediate annuity premium in installment payments instead of a lump sum.

Impaired risk (medically underwritten) rider

This rider may be added to an immediate annuity. Ordinarily, an insurance company bases the amount of immediate annuity payments on the amount of premium you pay, your age at the time payments begin, and how long you are expected to live if payments are to be made for the rest of your life. If you have a medical condition that reduces your life expectancy, the impaired risk rider bases your annuity payments on your shortened life expectancy. This results in payments being greater than they would be for a person in good health, or the payments can be the same but for a smaller premium.

Commuted payout rider

This immediate annuity rider allows you to withdraw a lump-sum amount from your immediate annuity in addition to the regular payments you are receiving. Usually, this option is available for a limited period of time, and may be limited to a maximum dollar amount or a maximum percentage of your premium.

Guaranteed minimum accumulation benefit rider (GMAB)

The GMAB rider, available with some variable annuities, restores your annuity's accumulation value to the amount of your total premiums paid if, after a prescribed number of years (usually 5 to 10), the annuity's accumulation value is less than the premiums you paid (excluding your withdrawals). Some issuers offer this rider with the ability to lock in any gains in the accumulation value. Thereafter, your guaranteed minimum accumulation value will equal your total premiums paid, plus locked-in gains, less withdrawals.



Annuity guarantees, including those associated with annuity riders, are subject to the claims-paying ability of the annuity issuer. Annuity withdrawals made prior to age 59½ may be subject to a 10% federal tax penalty.

Guaranteed minimum withdrawal benefit rider (GMWB)

The GMWB rider provides you with a minimum income by allowing you to take withdrawals from your annuity up to an amount at least equal to the premiums you paid. Annual withdrawals are usually limited to a percentage of the total premiums paid (5% to 12% per year). Both the GMAB rider and the GMWB rider provide you with the opportunity to secure the return of your investment (the premium) in the annuity, even if the annuity's accumulation value decreases due to poor subaccount performance.

Guaranteed minimum income benefit rider (GMIB)

The GMIB rider, included with some variable annuities, offers a minimum income regardless of your actual accumulation value. The annuity issuer adds a growth rate to your premiums (usually 5% to 7% per year) that becomes your guaranteed minimum account value. After a minimum number of years (often 5 to 10), the rider allows you to convert the variable annuity to an immediate annuity and receive payments based on the greater of the minimum account value or the annuity's accumulation value.

Guaranteed lifetime withdrawal benefit rider (GLWB)

The GLWB rider may be added to some variable and equity-indexed annuities. It allows you to receive an annual income for the rest of your life without having to convert to an immediate annuity. And you can usually access the remaining accumulation value in addition to the income payments received. Income payments and withdrawals are subtracted from the annuity's cash value.

Long-term care rider

The long-term care rider is available with many fixed deferred annuities. If you become confined to a nursing home, or are unable to take care of yourself, this rider allows you to access more of your annuity's accumulation value, possibly up to 100%, without the imposition of surrender charges or distribution costs otherwise applicable.

Disability/unemployment rider

These riders are offered with fixed and variable annuities. If you become disabled for an extended period of time (usually from 60 days to 1 year), or if you are unemployed for a similar length of time and are eligible for unemployment benefits, these riders allow you to access a portion or all of your annuity's accumulation value without the imposition of surrender charges.

Terminal illness rider

This rider, available with both fixed and variable annuities, waives surrender charges otherwise applicable for a portion or all of your annuity's accumulation value if you suffer from a terminal illness with a medical life expectancy of one year or less.

Note: Annuity guarantees are subject to the claims-paying ability of the annuity issuer.

Immediate	Variable	Fixed
Cost-of-Living	GMAB	LTC
Cash/Installment	GMWB	Disability
Impaired Risk	GMIB	Terminal Illness
Commuted Payout	GLWB	GLWB
	Disability	Disability
	Terminal Illness	Terminal Illness

IMPORTANT DISCLOSURES

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