



Sage Choice SPDA



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The Sagicor Sage Choice Single Premium Deferred Annuity (SPDA) allows a single premium payment to earn a competitive fixed interest rate, with interest accumulating on a tax-deferred basis. It also provides for the accumulated funds to be turned into a reliable and consistent stream of income paid at a designated time in the future.

A single premium deferred annuity offers future security to prospects and clients with time to save for retirement. An SPDA can be particularly useful for anyone who is uncomfortable with the greater risk presented by equity investments.

Tax-deferred accumulation also makes single premium deferred annuities more attractive than, for example, CDs or mutual funds, which are subject to current income and capital gains taxation. SPDAs accumulate interest tax-free until they are distributed.

Let's look at how the Sage Choice SPDA works.

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Getting Started

Issuing Age

A Sage Choice SPDA may be issued to anyone from age 15 days through age 90.

Premium

The Sage Choice SPDA does have a minimum and maximum premium. Anything above the maximum will require Home Office approval. Please refer to the product guide for the current minimum and maximum amounts.

Charges and Fees

There are no policy expense charges or fees.

Free Look Provision

The owner has 30 days from the date of contract delivery to change his or her mind and receive a full premium refund.

Availability

This product is not available in all states. It is available for use with both qualified and non-qualified funds.

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Ownership

The **owner** may exercise all rights and privileges granted by the contract. The owner is the same as the annuitant unless stated otherwise in the application/contract. If the contract has two or more owners, the contract will be held in joint tenancy with the right of survivorship unless otherwise specified on the application. Also, with joint ownership, ownership rights and privileges may be exercised only with the consent of all owners.

Contract ownership may be changed at any time before the earlier of (1) the date annuity payments begin or (2) the maturity date (the owner's 100th birthday). The owner may also collaterally assign his or her rights under the contract to someone else.

The **annuitant** is the person whose life will be used to determine any future annuitization payouts that may occur (the benefit is almost always determined by the annuitant's age and sex). If the owner is a person, the annuitant may be changed at any time after policy issuance by written request to the Home Office. If the owner is an entity, the annuitant may not be changed. If an annuitant who is not the owner dies before the contract maturity date: (1) if the owner is a person, the owner become the annuitant unless he or she notifies the Home Office in writing of a new annuitant; or (2) if the owner is an entity, the contract funds will be paid to the beneficiary.

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Interest Crediting

- Current interest rates on annuities fluctuate; however, interest rates never fall below the rate guaranteed in the contract, which is 2% in years 1-10 and 3% thereafter.
- The initial interest rate credited to an SPDA is determined when the company issues the contract. You should provide the current credited rate to the prospective owner prior to purchase so the prospect can factor the interest rate into the decision-making process.
- Once determined, the rate is guaranteed for 12 months starting the day the policy becomes effective.
- On each contract anniversary, Sagicor will send an Annual Statement to the owner showing the interest rate that will be credited for the next 12 months.
- Once again, the interest rate will never be less than the guaranteed minimum fixed interest rate stated in the contract.

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Surrender Charges

There is no upfront sales charge for the SPDA. However, it is important for clients to understand that if they make any withdrawals in the first six years (in excess of the maximum free partial withdrawal amount), a surrender charge will apply.

Year	1	2	3	4	5	6	7+
Charge	7%	7%	7%	6%	5%	3%	0%

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Market Value Adjustment (MVA)

A withdrawal in excess of the maximum penalty-free withdrawal amount will be subject to a market value adjustment for the period during which the surrender charges apply. An MVA is an amount by which a full or partial withdrawal is adjusted, resulting in a positive or negative impact to the withdrawal. An MVA will apply to any withdrawal subject to a surrender charge and will be applied on the date of the withdrawal, prior to the application of the surrender charge. An MVA will not apply to a penalty-free withdrawal amount.

Depending on the direction interest rates move, the MVA may increase or decrease benefits payable under the contract. However, in no event will the MVA reduce the cash surrender value below the guaranteed minimum.

An MVA will not apply to:

- amounts withdrawn under the penalty-free withdrawal provision,
- death benefits, or
- amounts withdrawn not subject to a surrender charge.

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Penalty-Free Withdrawal: General

The owner has opportunities to withdraw money without incurring a surrender charge. These are provided in the Penalty-Free Withdrawal provision.

Bailout Feature

The bailout feature allows the owner to make a free withdrawal of the contract's full accumulation value the first time Sagicor lowers the interest crediting rate to a rate that is more than 1% lower than the initial rate. The owner must notify Sagicor in writing within 30 days of receiving the Annual Statement with the published renewal rate.

Penalty-Free Partial Withdrawal

Each contract year, an owner may withdraw up to 10% of the accumulation value without a surrender charge or market value adjustment. Any portion of the 10% penalty-free withdrawal not used in one contract year **does not accumulate** or carry over for use in any subsequent contract year.

Surrender charges never apply at the owner's death.

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Penalty-Free Withdrawal: Nursing Home Confinement/Terminal Illness

Nursing Home Confinement

If the owner meets the Nursing Home or Confined Care qualifications, any deferred surrender charges will be waived. Qualifications for Nursing Home Facility or Confined Care Facility confinement are met if the owner:

- has been confined, and continues to be confined, to a qualified nursing home facility or confined care facility for at least 90 consecutive days; and
- has not been confined for at least 30 consecutive days to a nursing home facility or confined care facility at any time in the year prior to the effective date of the contract or at any time between the date of the application and the effective date of the contract.

Terminal Illness

After the first contract year, the owner may request a full or partial penalty-free withdrawal if the owner provides satisfactory proof that:

- he or she has been diagnosed with a terminal illness by a licensed physician; and
- the diagnosis of the terminal illness first occurred after the effective date.

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Guaranteed Surrender Value

The **guaranteed surrender value** is never less than:

The Single Premium

MINUS

Prior Benefit Payments

PLUS

Interest credited at the
guaranteed minimum fixed
interest rate to the date of
surrender

MINUS

Surrender Charges (if any)

The **surrender value** is the greater of:

- the account value reduced by the surrender charge; and
- the guaranteed surrender value.

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Settlement Options

At any time after the first policy anniversary, the owner may elect a payment option, change the payment option, or change the date annuity payments are to begin.

Let's look at the five payment options available:

Income for a Fixed Period—Provides guaranteed equal payments at regular intervals for a period from 5 to 20 years.

Life Income—Provides equal monthly payments in one of two ways:

- **Life Only** provides payments over the annuitant's lifetime.
- **Life with a Guaranteed Period** provides payments over the annuitant's lifetime, with a minimum number of years guaranteed. If the annuitant dies before the end of the guaranteed payment period, the remaining payments go to the beneficiary for the remainder of the specified period.

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Settlement Options (Continued)

Joint and Survivor Life Annuity—Provides guaranteed equal payments at regular intervals jointly to two annuitants as long as they both live. When one annuitant dies, equal monthly payments continue to the survivor under one of the following options:

- The original amount (Joint and 100% Survivor),
- $\frac{2}{3}$ of the original amount (Joint and $\frac{2}{3}$ Survivor), or
- $\frac{1}{2}$ of the original amount (Joint and $\frac{1}{2}$ Survivor).

Income of a Fixed Amount—Provides for a certain amount to be paid out over time (with a minimum 5-year payout period) until all of the proceeds and the interest earned have been paid. When Income of a Fixed Amount is chosen, the owner selects:

- The amount of each payment
- The fixed payment interval (every 1, 3, 6, or 12 months)

NOTE: The last payment will equal the balance of the proceeds and interest.

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Settlement Options (Continued)

Interest— Under this option, Sagicor will hold the annuity proceeds for an agreed-upon period of at least five years. The proceeds will earn interest at a rate determined annually by Sagicor. During this period, interest can accumulate or be paid out periodically to the payee.

With the Interest option, the owner can choose another payment option for the annuity proceeds plus any accumulated interest at any time during the period or at the end of the period. At the end of the period, if the owner does not want to select another payment option, he or she can choose to take the annuity proceeds plus accumulated interest in a lump sum payment.

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Policy Termination

The contract terminates when one of the following events occurs:

- the owner elects not to renew a guarantee period or the guarantee period is no longer renewable
- the owner dies and a death benefit is paid
- the maturity date is reached
- the owner elects to terminate the contract or elect a settlement option
- Sagicor terminates the contract due to a surrender value of less than \$250

Upon termination, any surrender value will be paid to the owner.

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Death Benefits

When Death Occurs Before Annuity Payments Begin

If the owner is a person, when the owner dies, a death benefit will be paid to the beneficiary. Death benefits are not subject to surrender charges or MVAs. The death benefit will consist of an amount equal to the greater of the accumulated value on the date Sagicor receives proof of the owner's death, or the guaranteed minimum cash surrender value.

If the owner is an entity, when the annuitant dies, a death benefit will be paid to the beneficiary.

The entire death benefit must be paid out within five years of the applicable death unless:

- The beneficiary is the owner's spouse and the spouse elects to become the new owner.
- The beneficiary chooses to have the death benefit paid under a payment option not longer than the beneficiary's life expectancy. Payments must begin within one year of the annuity owner's death.
- The beneficiary elects to leave the death benefit with Sagicor for five years. Interest can accumulate or be paid periodically to the beneficiary.

When Death Occurs After Annuity Payments Begin

If the owner, annuitant or payee dies after annuity payments begin, payments will continue as provided under the terms of a supplementary contract issued at the time of annuitization.

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Taxation

Unless qualified through education or specialized training, producers should not provide clients with tax advice. A producer who is not qualified to give tax advice should remind clients to consult their advisors—attorney, accountant or other qualified financial advisor—to discover how taxation might affect their individual returns.

In any event, you can and should inform your clients that they must pay taxes on any deferred earnings when accessed. They may also be responsible for income tax on amounts distributed under the contract, including a 10% penalty for withdrawals prior to age 59½.

Final Exam

NOTE TO STUDENT
Take the Final Exam Now

REMEMBER:

1. To fulfill Sagicor's company-mandated training requirement, please complete the exam and your results will be sent to our Agent Training Department. If you have any questions regarding this or any other Sagicor training requirements, please call us at 888-SAGICOR (724-4267).
2. The exam should work in current versions of Internet Explorer 11, Microsoft Edge, Chrome, and Firefox. Older versions or old browsers (IE 10 and earlier) may not allow you to complete the exam.

[Click HERE to begin the Final Exam.](#)