



Milestone MYGA



Milestone Multi-Year Guarantee Annuity

The Sagicor Milestone Multi-Year Guarantee Annuity (MYGA) 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 multi-year guarantee annuity offers future security to clients with time to save for retirement. A MYGA 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 (SPDAs) more attractive than other investments such as CDs or mutual funds, which are subject to current income and capital gains taxation. Single premium deferred annuities accumulate interest tax-free until they are distributed.

Let's look at how the Milestone MYGA works.

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Getting Started

Issuing Age

A MYGA may be issued to anyone from age 15 days through age 90.

Premium

The Milestone MYGA 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 their 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 becomes 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

The initial interest rate credited to a MYGA is based on the multi-year guarantee period selected, may be affected by the amount of funds put into the contract, and is determined at the time of policy issuance. 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 each year of the multi-year guarantee period selected.

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Surrender Charges

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

The MYGA has a distinct surrender charge schedule for each available multi-year guarantee period, as shown on this page and the next:

3-Year Guarantee Period Surrender Charge Schedule*

| | | | |
|---------------|----------|----------|----------|
| Year | 1 | 2 | 3 |
| Charge | 9% | 8% | 7% |

4-Year Guarantee Period Surrender Charge Schedule*

| | | | | |
|---------------|----------|----------|----------|----------|
| Year | 1 | 2 | 3 | 4 |
| Charge | 9% | 8% | 7% | 6% |

5-Year Guarantee Period Surrender Charge Schedule*

| | | | | | |
|---------------|----------|----------|----------|----------|----------|
| Year | 1 | 2 | 3 | 4 | 5 |
| Charge | 9% | 8% | 7% | 6% | 5% |

*Not all durations are available in all states and surrender charge schedules may differ. Please refer to the product guides for state variations.

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Surrender Charges (Continued)

6-Year Guarantee Period Surrender Charge Schedule*

| Year | 1 | 2 | 3 | 4 | 5 | 6 |
|---------------|----------|----------|----------|----------|----------|----------|
| Charge | 9% | 8% | 7% | 6% | 5% | 4% |

7-Year Guarantee Period Surrender Charge Schedule*

| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---------------|----------|----------|----------|----------|----------|----------|----------|
| Charge | 9% | 8% | 7% | 6% | 5% | 4% | 3% |

*Not all durations are available in all states and surrender charge schedules may differ. Please refer to the Product Guides for state variations.

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Surrender Charges (Continued)

For the 3-, 4-, 5-, and 6-year durations, the surrender charge schedule repeats upon an owner's election to renew their multi-year guarantee period.

- For the 3- and 4-year durations,* the surrender charge percentages will repeat for two successive periods following the expiry of the Initial Surrender Period. Surrender charges will not apply beginning in contract year 10 for the 3-year duration and contract year 13 for the 4-year duration.
- For the 5- and 6-year durations,* the surrender charge percentages will repeat for one successive period following the expiry of the Initial Surrender Period. Surrender charges will not apply beginning in contract year 11 for the 5-year duration and contract year 13 for the 6-year duration.

The 7-year guarantee period cannot be renewed.

*Not all durations are available in all states and surrender charge schedules may repeat differently. Please refer to the product guides for state variations.

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Penalty-Free Withdrawal

Similar to Sagikor's other annuity products, penalty-free withdrawals are available. After the first contract year, the owner may annually withdraw up to 10% of the account value surrender charge free. 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.

If an owner is going to renew a guarantee period, the owner has 30 days following the beginning of the new guarantee period to make withdrawals without incurring either a surrender charge or a market value adjustment (MVA).

Surrender charges never apply at the owner's death.

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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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Guaranteed Surrender Value

The guaranteed surrender value is never less than:

87.5% of the Single
Premium

PLUS

Interest (accumulated at the
non-forfeiture rate specified
in the contract)

MINUS

Withdrawals plus Surrender
Charges (if any) and any
premium taxes paid

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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 four 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 equal monthly payments over the annuitant's lifetime.
- **Life with a Guaranteed Period** provides equal monthly 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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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 IE 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.](#)