

ADVANCED PLANNING WITH ANNUITIES

Safeguard your legacy with a cost-effective solution

Like any good planner, you like to think ahead. And when you consider the legacy you want to leave, you know that not all of your beneficiaries are the same when it comes to how they might act when receiving an inheritance. While some may be able to receive it all at once, others might benefit from another approach.

These loved ones might include:

- Minors
- Heirs still learning how to manage money
- Individuals who spend money quickly
- High-risk investors and entrepreneurs
- Individuals going through a divorce
- People who suffer from an addictive disorder

Should I use a trust?

The most sophisticated way to protect an inheritance is with a trust. A trust is a legal vehicle for holding and managing assets during lifetime, at death, and beyond. Because an attorney drafts the trust to fit your individual situation, a trust can accommodate very specific, tailored rules as to when your heirs receive funds. However, trusts can be expensive and take time to set up and require ongoing administration.

A simple solution

AuguStar® Retirement offers a simple, cost-effective solution for non-qualified annuity contracts. By completing our beneficiary settlement form, you choose how your beneficiary receives their inheritance.

No restriction. Your beneficiary receives the annuity proceeds with no restriction.

Annuitization. Your beneficiary receives annuity proceeds in equal payments for a certain number of years (at least 5 but no more than 10).¹

Beneficiary stretch. Payments are “stretched” over your beneficiary’s life expectancy. This option is available on contracts with one beneficiary.

If one beneficiary is restricted, then all other beneficiaries of the same level — primary or contingent — must also be restricted.

For example, let’s say you trust your spouse, but your kids are still learning to manage money. You could name your spouse as primary beneficiary with no restriction. Your three kids could be the contingent beneficiaries with an annuitization restriction.

Example:



Spouse (primary beneficiary):
No restriction



Kids (contingent beneficiaries):
Annuitization

With a restriction in place, your beneficiary cannot cash in the contract or accelerate payments.² Your beneficiary must continue the existing contract and cannot transfer it to another annuity carrier.

The gift that keeps giving

If you're a gift-giver, the beneficiary settlement form gives you the opportunity to break down a large inheritance into a series of gifts. This can create a special memorial gift for any number of purposes – for example, creating an education allowance, a vacation fund, or a holiday, birthday, or anniversary gift.

Powerful benefits

Guardrails for the future. The beneficiary settlement form allows you to think long-term. By putting protections in place now, you're providing a benefit that can last well into the future.

Saves time and money. Unlike a trust, which can be expensive and takes time to set up, the beneficiary settlement form is a quick and cost-effective solution to a common planning hurdle.

Tailored to each beneficiary. You can select different options for each level of beneficiaries (primary or contingent). When you select annuitization for multiple beneficiaries on the same level (for example, all contingent beneficiaries), you can vary the structure of

each individual beneficiary's annuitization. This gives you flexibility to decide what might be best for each of your loved ones.

Does this describe you?

You know the value of a dollar. You realize some of your loved ones might be worse off if they received a large inheritance all at once.

A good plan today beats a great plan someday. You understand a trust might be the most sophisticated planning technique, but you'd like to get something in place now that is cost effective.

You own or are considering buying an annuity.

AuguStar's beneficiary settlement form is a unique feature available to annuity contracts. Not every financial product – nor every annuity carrier – offers this opportunity to structure distributions outside of a trust.

You're a gift-giver. You like the idea of a structured gift or fund that can provide a legacy into the future. AuguStar's annuity settlement options can provide an opportunity for creative and meaningful gifts for many years to come.

**AuguStar Retirement's beneficiary settlement form (Form V-4610.1) might be an excellent fit.
Talk to your financial professional today.**

¹ If you name multiple beneficiaries, this is the only restrictive option available.

² Payments may be increased to satisfy any required minimum distribution amounts under the Internal Revenue Code.

A restricted payout designation is not available on all AuguStar products or if the beneficiary is not a natural person. A restricted payout designation will not be honored if it conflicts with applicable laws, regulations and/or provisions of the Internal Revenue Code. Please refer to your contract for more information.

This material provides general information that should not be construed as specific tax or legal advice nor the law of any particular state. You should seek the advice of a qualified tax or legal professional for your specific situation.

Annuities are long-term investment vehicles designed to accumulate money on a tax-deferred basis for retirement purposes. Upon retirement, annuities may provide an income stream or a lump sum.

If you die during the accumulation or payout phase, your beneficiary may be eligible to receive any remaining Contract Value.

There is no additional tax-deferral benefit for contracts purchased in an IRA or other tax-qualified retirement plans because such retirement plans already have tax-deferred status. An annuity should only be purchased in an IRA or qualified plan if the contract owner values some of the other features of the annuity and is willing to incur any additional costs associated with the annuity.

Products issued by AuguStar Life Insurance Company, member of Constellation Insurance, Inc. family of companies. Product, product features and rider availability vary by state. Guarantees are based on the claims-paying ability of the issuer. Issuer not licensed to do business in New York.

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MAY LOSE VALUE

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