



THE OHIO STATE LIFE  
INSURANCE COMPANY

SUPPORTING AMERICANS IN RETIREMENT FOR OVER 100 YEARS



# PRODUCER PRODUCT TRAINING

## NEX MULTI-YEAR GUARANTEED ANNUITY PRODUCT



FOR PRODUCER USE ONLY. NOT FOR PUBLIC USE OR DISTRIBUTION. NOT FOR USE WITH CONSUMERS.

## PRODUCER TRAINING USE ONLY

This presentation is intended for producer use only and should not be disclosed to the public.

This presentation is not for use with consumers.

The information contained in this presentation is general in nature and is subject to the applicable annuity and rider language, terms and conditions.



## FIXED ANNUITY BASICS

### What is a fixed annuity?

A fixed annuity is a tax-deferred retirement savings vehicle that provides fixed asset accumulation similar to a certificate of deposit (CD). With a fixed annuity, your client can earn a fixed return on his or her money over a specified time horizon (typically 3 to 10 years) that they select. The interest they earn in a fixed annuity is not taxed until withdrawn, and the principal is guaranteed.

Keep in mind that fixed annuities are also known by other terms such as multi-year guaranteed annuities (MYGAs), fixed rate annuities, fixed deferred annuities, and single premium deferred annuities. Your clients may know fixed annuities by one of these other terms.



## FIXED ANNUITY BASICS (CONTINUED)

*Annuity terminology can be confusing to clients, so be able to explain to your clients the basics.*

### **A fixed annuity is, in fact, an annuity.**

An annuity is an insurance product where a lump-sum amount is exchanged for a stream of payments going forward. The client pays that lump-sum as a single premium. What makes a fixed annuity an annuity is that it has the option to annuitize at the end of the contract term. The client can also choose to leave his or her money invested at a renewable rate, withdraw all or a portion, or roll it over into a new fixed annuity. Keep in mind that the distinction of being an annuity gives it tax-deferred status.

### **A fixed annuity is an accumulation (or deferred) annuity.**

Generally, an accumulation, or deferred, annuity—bought with a single premium—is used for the growth potential of the money invested and not as much for the ability to turn that money into income (as is the case with an income annuity). During the accumulation, or deferral, period, your client's money will be invested with an insurance company and grow on a tax-deferred basis, which is why fixed annuities may be referred to as single premium deferred annuities.

Your client will have some access to his or her money while the money is invested based on the specific features and optional benefits offered. Check for the Nex product terms later in this presentation for details.

Although some accumulation annuities grow based on market performance as with variable and indexed annuities, a fixed accumulation annuity grows at a fixed rate of interest, which is why these annuities also may be referred to as fixed rate annuities or fixed deferred annuities.



## FIXED ANNUITY BASICS (CONTINUED)

**A fixed annuity is also a multi-year guaranteed annuity (MYGA).**

Fixed annuities earn a fixed rate of interest over a multi-year time horizon. The interest rate will be specified upfront and will vary based on the amount your client is investing, the time horizon they select, and often the market conditions at the time of purchase. Be certain to remind your clients that at the end of the initial guarantee period, the rate may change.

**The Nex fixed annuity is a MYGA.**

In summary, a fixed annuity is an annuity insurance product that operates similar to certificate of deposit (CD), offering low-risk tax-deferred accumulation at a fixed rate of interest.

Our single premium deferred annuity policy is referred to in these training materials and the product brochure as the Nex Multi-Year Guaranteed Annuity Product (the “Nex MYGA”).

The Nex MYGA is a fixed rate annuity product and not a variable or indexed annuity.



## WHY NOT A CD INSTEAD OF A MYGA?

### Similarities Between CDs and MYGAs

As mentioned previously, fixed annuities operate very similarly to CDs. Both vehicles offer safe ways to save money, provide higher interest rates than available through typical savings accounts, and require an owner to lock his or her money away for an extended period of time.

### Differences Between CDs and MYGAs

Fixed annuities, however, have longer time horizons and tax-preferential treatment, making them a better choice for retirement savings.

Your client may have some understanding of CDs and ask you to compare the two types of products. When discussing the differences between CDs and Nex MYGAs, be certain to tell your client that these type of comparisons are general in nature and the Nex MYGAs are subject to the terms, conditions and limitations of the annuity policy contract and any riders.



## WHY NOT A CD INSTEAD OF A MYGA? (CONTINUED)

	Insurance Companies <sup>1</sup>	Banks <sup>1</sup>
SIZE	\$10,000 – \$1,000,000	Virtually any denomination
TERM	3 years – 10 years	3 months – 5 years
INTEREST RATES	Vary by term and size but typically higher than CD rates	Vary by term and size but typically lower than fixed annuity rates
TAXES	Taxes on interest gains deferred until money is withdrawn	Interest taxable annually as earned
LIQUIDITY	Typically, a portion of the account balance is available for withdrawal periodically (may require a rider)	Generally no (free) access to account balance is available
WITHDRAWAL PROVISIONS	Can generally withdraw accumulated interest or 10-15% of cash value for free if aged-59½ or older (may require a rider)	All withdrawals are charged, typically equal to a portion of the interest the money has earned
FINANCIAL PROTECTION	Backed primarily by the issuing insurance company	CDs are insured by the FDIC (up to \$250,000 total per bank)
LEGACY	Asset passed directly to beneficiary without going through probate process	Probate process may be required to pass asset to heirs

1. Typical product information although products may vary.



## BENEFITS OF FIXED ANNUITIES GENERALLY

*Fixed annuities can be useful for retirement savings. They provide a safe, tax-advantaged way to earn a good return on savings needed in the relative near future.*

### Guaranteed, Strong Return

The money your client pays into a fixed annuity will accumulate at a fixed interest rate that is specified upfront and guaranteed for the entire guarantee period that they select. Fixed annuities generally offer higher rates than CDs with similar contract lengths.

### Tax-Deferred Growth

From the government's perspective, an annuity is a retirement savings vehicle. As such, it receives similar tax treatment as IRAs, which means that no taxes are paid until distributions are made. For a fixed annuity, this means that interest will accumulate and compound without incurring annual taxes, unlike CDs.

### Principal Protection

Unlike with most investments, there is no market risk associated with a fixed annuity. Your client's principal is protected and guaranteed to accumulate at a fixed interest rate, making fixed annuities a good option for retirement money that your clients do not want to risk losing.

### Some Liquidity

Fixed annuities provide some liquidity, typically making interest earned or 10-15% of the contract's cash value available penalty-free annually if your client is over 59½ years old. Some of these features may require a rider.

### Simple & Easy to Understand

There are a lot of complex products, but a fixed annuity is one of the simple ones. The keys to understanding fixed annuities are to know (1) how long until your client's money is available, and (2) what his or her return will be over that period of time. There are no hidden initial fees that your clients need to worry about.





## DRAWBACKS OF FIXED ANNUITIES GENERALLY

*There are a number of benefits with fixed annuities. Despite these benefits, however, fixed annuities are not the best option for everyone or for all situations. Here are some of the drawbacks.*

### Penalties for Withdrawals Under Age 59½

Fixed annuities are really meant to be used for retirement savings. The IRS issues a 10% penalty on gains withdrawn from a fixed annuity for account holders under age 59½.

### Not for Generating Income

A fixed annuity is not the most effective way to generate income in retirement. Instead, fixed annuities are typically used for accumulation. There are other products that are better for converting assets into income, such as income annuities.



## TYPICAL BUYERS OF FIXED ANNUITIES

*Just as with any product, fixed annuities may make sense for your clients or they may not. Below are sample lists that may assist you in determining which of your clients may benefit from fixed annuities—and which ones may not.*

### Your clients should consider a fixed annuity if:

- ✓ They have money to invest for at least 3 years but want access to it within 10 years;
- ✓ The money they're investing is earmarked for retirement or to be passed on to heirs;
- ✓ They are already maxed out on their IRA or 401(k) contributions;
- ✓ They have CDs or other MYGAs expiring;
- ✓ They want greater certainty and principal protection;
- ✓ They have other assets in the market exposed to higher expected returns; and/or
- ✓ They want to preserve some liquidity.

### Fixed annuities are probably NOT right for your clients if:

- X They need access to their money within 3 years or before age 59½;
- X They are not maxing out their IRA or 401(k) contributions;
- X They are more interested in high risk investments and willing to risk principal to achieve it; and/or
- X They are interested in generating income in retirement.



## NEX MYGA PRODUCT BASICS

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### PRODUCT TYPE

Single premium deferred annuity with multi-year interest rate guarantee period options. This product is designed to add safety and tax savings to your client's retirement strategy.

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### GUARANTEE PERIODS

3-, 5-, 7-, or 10-year periods

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### RATE GUARANTEES

#### Initial Rate Guarantee Period

Your client may choose a 3, 5, 7, or 10-year initial interest rate guarantee period and receive the rate in effect at the time they buy the annuity for the entire length of the initial guarantee period they select. Interest is calculated and credited daily. At the end of the initial term, they may withdraw their money or automatically start a new guaranteed-rate period that is available at that time.

#### Subsequent Rate Guarantee Periods

If your client chooses to continue their annuity after the expiration of the initial term, a new interest rate guarantee period and surrender-charge period automatically begins at the end of the initial term—and again at the end of each subsequent term (subject to restrictions in Florida to comply with state regulations). We may set a new interest rate at the beginning of each subsequent rate guarantee period, and we guarantee the rate for that subsequent rate guarantee period. The new rate may be higher or lower than the interest rate of the initial guarantee period.

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### PREMIUM AMOUNTS

Min. \$10,000 up to \$1,000,000  
(Over \$1 million may be possible if pre-approved by us before you submit your client's application)

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## NEX MYGA PRODUCT BASICS (CONTINUED)

<b>ISSUE AGES</b>	Available on the lives of annuitants who are 0-90 years of age at the time of issue.
<b>FEES</b>	There are no initial contract fees.
<b>WITHDRAWAL OPTIONS</b>	Optional riders allow for flexibility in withdrawing funds.  <i>See riders section later in these training materials.</i>
<b>SURRENDER CHARGES</b>	Surrender charges will differ based on the Guarantee Period selected by your client and may differ by state.  <i>See surrender/withdrawal charge section later in these training materials.</i>
<b>MARKET VALUE ADJUSTMENT</b>	Available in most states, although it is not available for products issued in Florida.



## SELLING POINTS FOR NEX MYGAs

### Competitive Initial Interest Rate Guarantee

- ✓ Nex MYGAs offer growth potential through competitive interest rates. We are committed to fixed annuity performance for your clients through industry-leading interest rates.
- ✓ Whether your client selects a 3, 5, 7 or 10-year guarantee option, the initial interest rate is guaranteed to remain level during the initial rate guarantee period. At the end of the initial term, your client may withdraw their money or automatically start a new guarantee-rate period.

### Interest Rate Lock

- ✓ Nex MYGAs have an interest rate lock at the time of purchase. This allows us to hold a rate for a set time period from the home-office of a request for a rollover, transfer or exchange.
- ✓ In order to hold a rate, a complete application packet along with rollover, transfer or exchange paperwork must be received in our home office during a specific period of time. If the funds are received within this window, your client would receive the greater of the held interest rate or the current interest rate. If the premium is received after the rate-lock period, it will be credited with the interest rate in effect at the time the premium is received.
- ✓ For more specific information, contact our a sales support/producer services team.



## SELLING POINTS FOR NEX MYGAs (CONTINUED)

### Tax-Qualification Options

- ✓ To start or continue a qualified retirement account, we allow the transfer or rollover of funds from qualified plans such as an IRA, 401(k) or Simplified Employees Pension into a qualified individual retirement annuity. Your clients should consult their own legal or tax advisors for advice.

### Advantages of Tax Deferral

- ✓ Taxes are due only when funds are withdrawn as surrenders or when distributions are made. Most people take these actions during retirement, when they are likely in a lower tax bracket. As a result, interest has been accumulating on principal, earnings and money that would have otherwise been paid in income taxes, and the tax paid likely will be at a lower rate.

### Time to Reflect on the Purchase (Free Look Period)

- ✓ Your client may cancel and return their contract within 30 days after it is delivered to them. We will refund their premium after a cancellation, minus any withdrawals taken, if any.



## NEX MYGAs KEY FEATURES: SURRENDER CHARGES

Deferred annuities are designed for long-term retirement savings. Although all or a portion of the funds may be withdrawn at any time, withdrawals and surrenders may face charges during each surrender-charge period.

A withdrawal charge is assessed for each withdrawal before the maturity date. The withdrawal charge is determined based on the amount of time that has elapsed since the beginning of the applicable guarantee period and is calculated as a percentage of the account value at the time of the withdrawal, according to the schedule in the policy.

At the end of the each guarantee period, new interest rate guarantee periods and surrender-charge period automatically begin (subject to restrictions in Florida to comply with state regulations). During the first 30 days of each subsequent surrender-charge period, your client may withdraw some or all of their funds without a surrender charge.

	Contract Year									
	1	2	3	4	5	6	7	8	9	10
<b>Nex3 MYGA</b>	9%	8%	7%	0%						
<b>Nex5 MYGA</b>	9%	8%	7%	6%	5%	0%				
<b>Nex7 MYGA</b>	9%	8%	7%	6%	5%	4%	3%	0%		
<b>Nex10 MYGA</b>	9%	8%	7%	6%	5%	4%	4%	3%	2%	1%

*During the surrender-charge period and throughout the life of the contract, minimum values of the annuity are guaranteed by law. The owner will never receive less than the minimum contract values over the life of the contract. The annuity contract surrender value is guaranteed to equal, or exceed, the contractual minimum values in the contract.*



## NEX MYGAs KEY FEATURES: MVA

### Market Value Adjustment (MVA)

A market value adjustment applies to withdrawals or surrenders that are subject to surrender charges. We base the adjustment on a formula that takes into account changes in the Constant Maturity Treasury Rate (CMT) at that time. We will waive the MVA when the surrender charge is waived.

The MVA can increase or decrease the surrender value of the annuity. Generally, if interest rates have risen since the beginning of the current surrender-charge period, the MVA will decrease the surrender value. If interest rates have fallen, the MVA will increase the surrender value.

The MVA is a key design feature that helps optimize the growth potential of Nex MYGAs over the long term. The presence of an MVA helps protect us against early withdrawals from the annuity, and, in turn, the MVA allows us generally to credit higher interest rate to the annuity contract.

For those clients who do not plan on taking distributions beyond any the penalty-free withdrawals allowed during the surrender period, the MVA can work to their advantage by helping them receive a more competitive interest rate.

MVA is not available for products issued in Florida.





## NEX MYGAs KEY FEATURES: ACCESS TO FUNDS

*Although surrenders and withdrawals are discouraged during the surrender-charge periods, there are times when your client may need to access funds.*

*There may be a 10% early-withdrawal IRS penalty for surrenders that occurs before age 59½. Please have your client consult their tax consultant for guidance.*

### 30-Day Window

During the first 30 days of each subsequent surrender-charge period, your client can withdraw some or all of their funds without a surrender charge or market value adjustment.

### Required Minimum Distributions

Surrender-charge-free annuity payments may be scheduled that meet IRS-required minimum distributions for tax-qualified plans.

### Free Partial Withdraw Rider

Ability to access part of the account value of the policy by avoiding surrender charges and market value adjustments.



## NEX MYGAs: RIDER OPTIONS<sup>1</sup>

*Currently, we offer the following rider options for Nex MYGAs:*

### Death Benefit Feature Rider

If your client selects the Death Benefit Feature Rider, on the death of the owner (or the death of a joint owner, if applicable) before the income date, the death benefit amount will be the account value on the date of the owner's (or joint owner's) death. Some of the features of this rider include the following:

- ✓ Surrender charges and MVA are waived
- ✓ Allows for a choice of payment options
- ✓ Included in all Florida contracts

### Free Partial Withdrawal Rider

If your client selects the Free Partial Withdrawal Rider, after the penalty free waiting period, we will waive any withdrawal charges and MVA on the first withdrawal in a policy year in an amount up to the free withdrawal percentage of the account value. This rider takes effect in year 2 or later of the contract.

*NOTE: If the total amount of all withdrawals in a contract year exceeds the free withdrawal percentage (typically 10%), then the MVA and surrender charges will apply to the excess over the free withdrawal percentage (typically 10%). This includes the case of a full surrender.*

<sup>1</sup> Some features and optional benefits and riders may not be available in all states.



## NEX MYGAs: RIDER OPTIONS (CONTINUED)<sup>1</sup>

### Nursing Home Waiver of Withdrawal Charge Rider

If your client selects the Nursing Home Waiver of Withdrawal Charge Rider, after the first contract year, if your client becomes a resident in a nursing home for 90 or more consecutive days, they may withdraw, transfer, or surrender funds without a surrender charge during the period of confinement.

Satisfactory written documentation of the following is required:

1. Owner is confined in a nursing home continuously for at least 90 consecutive days immediately prior to the request; and
2. Owner's confinement in the nursing home began after the rider effective date.

<sup>1</sup> Some features and optional benefits and riders may not be available in all states.



## NEX MYGAs: PRODUCER'S SUITABILITY COMPLIANCE

### Suitability Responsibility

It is your responsibility to ensure the suitability of the transaction that you are recommending based on our policies and procedures (See our "Suitability Guidelines for Producers" and our "Guide to Conducting Business with The Ohio State Life Insurance Company") and state law requirements.

You must not submit any transaction to us if the suitability of a sale is in question or if any of the suitability standards are not met.

Under no circumstance should you attempt to dissuade a client from truthfully or completely responding to our request for confirmation of suitability information.

Prior to soliciting a sale, you must have adequate knowledge of the product to recommend the annuity.

You must complete all applicable training required by any state laws, rules or regulations. You are responsible for knowing and complying with, and staying abreast of, all such state-specific suitability requirements, including any suitability review documentation requirements. That means, in addition to this product-specific training, you must have completed any general annuity training required by the applicable state insurance regulatory agencies or departments of insurance.

Training topics should include: (a) types and classifications of annuities; (b) identification of the parties to an annuity; (c) how contract features affect consumers; (d) income taxation consideration; (e) primary uses of annuities; and (f) appropriate sales practices and disclosure requirements.

You must provide certification and proof of training completion upon our request or your access to products or appointment may be suspended or terminated.



## NEX MYGAs: SUITABILITY ANALYSIS DURING SALE

### Is this product right for your client?

In recommending an annuity to a client, state suitability rules generally require you to have “reasonable grounds” to believe that the recommended annuity is suitable for your particular client on the basis of facts disclosed by the client during the sales process.

You, at a minimum, must obtain and analyze the following information about the client:

- ✓ Age;
- ✓ Annual income;
- ✓ Financial situation and needs, including financial resources used to fund the annuity;
- ✓ Financial experience;
- ✓ Financial objectives;
- ✓ Intended use for the annuity;
- ✓ Financial time horizon;
- ✓ Existing assets, including investment and life insurance holdings;
- ✓ Liquidity needs;
- ✓ Liquid net worth;
- ✓ Risk tolerance; and
- ✓ Tax status.



## SUITABILITY ANALYSIS DURING SALE (CONTINUED)

After your review of the client's information and your analysis to determine suitability, you must have a "reasonable basis to believe:"

- ✓ The client has been "reasonably informed of the various features of the annuity," which includes the surrender charge period and surrender charge amounts; potential tax penalties associated with the sale, exchange, surrender or annuitization of the annuity; any applicable fees; potential charges for and features of riders; limitation of interest returns; and insurance and investment components and market risk;
- ✓ The client would benefit from certain features of the annuity, such as tax-deferred growth, annuitization, death benefits or living benefits; and
- ✓ The particular annuity as a whole, any index accounts to which funds are allocated at the time of purchaser or exchange of the annuity, and any riders and similar product enhancements, are suitable for the client based on his or her suitability information.



## SUITABILITY ANALYSIS DURING SALE (CONTINUED)

Additionally, after your review of the client's information and analysis to determine suitability, you must have a "reasonable basis to believe:"

- ✓ If it involves an exchange or replacement, that such exchange or replacement is suitable and satisfactorily documented, taking into consideration whether the client:
  - *Will incur a surrender charge, be subject to the commencement of a new surrender period, lose existing benefits (such as death, living or other contractual benefits), or be subject to increased fees, investment advisory fees or charges for riders and similar product enhancements;*
  - *Would benefit from product enhancements and improvements; and*
  - *Has had another annuity exchange or replacement and, in particular, an exchange or replacement within the preceding 36 months.*

**NOTE:** Ohio State Life requires satisfactory documentation for all exchanges or replacements.

*For further details, review Ohio State Life's "Suitability Guidelines for Producers" and Section 6 on Suitability in the "Guide to Conducting Business with The Ohio State Life Insurance Company."*



## PRODUCER COMPENSATION & SALES SUPPORT

### Compensation

Consult your Commission Schedule and/or your agreement with your upline recruiter (if any) for details.

### Commission Chargeback

Consult your Independent Producer Agreement or other agent agreement with us, your Commission Schedule and/or your agreement with your upline recruiter (if any), as applicable, for details about commissioner chargebacks. Please note the following:

**Surrenders:** 100 percent of the commission will be recaptured on contracts surrendered in the first 12 contract months

**Death of Annuitant:** There is no chargeback on death of an owner or annuitant except in those cases where the deceased was age 86 or older at contract issue, in which case:

- ✓ *100 percent of the commission will be recaptured on death in the first six contract months; and*
- ✓ *50 percent of the commission will be recaptured on death in the contract months 7-12.*





## SALES SUPPORT

### Sales Support

For additional information, please contact your upline recruiter. You can contact our sales support/producer services team by phone or email (contact information below).

### Forms & Materials

You may request this guide, marketing materials, and new business forms via email (address below). Be sure to check product availability and revision dates to ensure you are using all of the correct forms and materials for your state.

#### Sales Support Contact Information

PHONE (972) 419-4410

EMAIL [submitagentdocs@ohiostatelife.com](mailto:submitagentdocs@ohiostatelife.com)

#### Forms/Materials Requests Contact Information

EMAIL [info@eagleequity.com](mailto:info@eagleequity.com)



## IMPORTANT DISCLOSURES

The Ohio State Life Insurance Company (“Ohio State Life”), whose home office is in Dallas, Texas, issues the Single Premium Deferred Annuity Policy referred to in these training materials as the Nex Multi-Year Guaranteed Annuity Product (the “Nex MYGA”).

Annuity policy contract issued under form series ICC19 NA001, NA00I, ICC19 NA001RI, NA001R1, ICC19 NA001R2 and state variations thereof. Rider benefits and rider form numbers may vary by state. The Nex MYGA is subject to state regulations, so the Nex MYGA and certain features or optional benefits thereof may not be available in all states. Ohio State Life is not licensed in Connecticut, Maine, New York, and Vermont. California License No. 08115.

Annuity contracts have limitations, provisions regarding charges and adjustments, and withdrawal and termination provisions. Please the annuity policy contract for the actual terms and conditions that apply, including the definitions, limitations and exclusions, and charges.

All guarantees, including any optional benefits, are subject to the financial strength and claims-paying ability of Ohio State Life. The Nex MYGA, like all annuities, is an insurance product and not insured by the FDIC, the NCUSIF, or a federal government agency.

Client should understand that withdrawals of taxable amounts from an annuity are subject to ordinary income tax, and, if taken before age 59½, may be subject to a 10% IRS penalty.

However, any discussion or mention of taxes is for general informational purposes only, does not purport to be complete or cover every situation, and should not be construed as legal, investment, tax or accounting advice by your clients. Ohio State Life and EEA (defined below) do not offer legal, investment, tax or accounting advice. You may not offer your clients legal, investment, tax or accounting advice on behalf of Ohio State Life.

Please have your clients consult their own qualified legal, investment, tax and accounting advisors.

“NexAnnuity” and “Nex” are marketing names for the entity that, through its network of financial services affiliates, provides investment management, product development, financial services expertise and management services to Ohio State Life retirement products.

Eagle Equity Advisors, LLC (“EEA”) provides agent services, product design, distribution, marketing, and other related services to the carrier. EEA is an affiliate of NexPoint Advisors, L.P., an investment adviser on a multibillion-dollar global alternative investment platform.

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