

Searching for an independent retirement savings plan?

Why an annuity may meet your rollover needs.



It's owned by you.

Unlike a savings plan offered by employers, such as a 401(k), an annuity is purchased by you. No matter your employment fluctuations or unexpected life events, a tax-deferred annuity can remain a constant in your retirement portfolio.



It converts into lifetime income.

There are annuity products with built-in or optional income riders that can turn retirement savings into retirement income. Because it is an insurance contract, an annuity represents a simple promise that the money you pay in can be paid back in income along the way.



You work directly with your trusted financial professional.

Because the annuity is purchased through your financial professional, you have the advantage of their guidance in choosing the product and index options that might help you meet your goals.



You select the carrier.

With an employer plan, the decision of who administers it is set. In purchasing an annuity, you can choose from a wide range of carriers that have different independent agency ratings, rates, and investment approach – offering more confidence in the financial strength of the carrier you choose.



You choose the product that can help meet your unique needs.

There are a wide variety of annuity products available with varying features that can be tailored to help meet your overall goals. Some offer the potential for more growth, some can optimize an income stream down the road, and there are others that allow for additional premium to be deposited along the way.

Think an annuity might meet your rollover needs?
Contact your financial professional.

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Fixed index annuities are not a direct investment in the stock market. They are long term insurance products with guarantees backed by the issuing company. They provide the potential for interest to be credited based in part on the performance of specific indices, without the risk of loss of premium due to market downturns or fluctuation. Although fixed index annuities guarantee no loss of premium due to market downturns, deductions from your accumulation value for additional optional benefit riders could under certain scenarios exceed interest credited to the accumulation value, which would result in loss of premium. They may not be appropriate for all clients. Interest credits to a fixed index annuity will not mirror the actual performance of the relevant index. The term financial professional is not intended to imply engagement in an advisory business in which compensation is not related to sales. Financial professionals that are insurance licensed will be paid a commission on the sale of an insurance product. NOT FDIC/NCUA INSURED, NO BANK/CU GUARANTEE, NOT A DEPOSIT, MAY LOSE VALUE, NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY.

Annuity

Your guide to rollovers



Are you trusting your retirement savings to your former employer?

“Rollover” is one of those terms that gets used enough in the retirement world that most people of working age have heard it. You probably have an idea how they work. You may have even completed one or two in your life.

This guide to rollovers is intended to:

- **Cover the basics** for the uninitiated and give a refresher for everyone else
- **Walk through the considerations** you'll want to make before deciding if a rollover to a North American annuity might be a good fit for you
- **Provide an overview** of the simple, three-step process you can use to start moving your money today

Neither North American, nor any agents acting on its behalf, should be viewed as providing legal, tax or investment advice. Required distributions are taxable. Talk to your tax adviser about how this impacts your situation.



What's a rollover?

Simply put, a rollover is a financial transaction that typically moves funds from one tax-deferred savings vehicle and puts it into another. Direct rollovers do that without compromising the tax-deferred status of those funds.

A 401(k) plan is one example of a tax-deferred savings vehicle commonly offered by employers. The money you put in and any matching dollars from your employer aren't taxed upfront. Likewise, taxes on any growth that account experiences are delayed. As a result, you'll see the advantage of compound interest applied to the full

amount and any interest that is accrued on the full amount as long as its tax-deferred status is maintained.

Instead of paying taxes when the money goes in, you pay them when the money comes out. They're deferred, hence the term tax-deferred savings.

But what happens when you change jobs or your employment comes to an end? If you take your money out when you leave, taxes would no longer be deferred. They'd be due on your next tax bill, likely with a 10% penalty¹ for taking the money out prior to 59 1/2, what the government considers retirement age for the sake of

tax-deferred savings vehicles. A rollover allows you to move your savings to another, similar tax-deferred account without requiring a tax payment.

The most common rollovers are triggered by someone changing jobs or experiencing what's referred to as a separation of service – retiring, getting fired, or laid off, for example. If you contributed to a 401(k) at your former employer, maybe got some matching funds that vested, and you've never done anything with that money, it's likely still in their care, but it doesn't have to be.

You have options.

What are my options?

Any time you change jobs or otherwise leave an employer where you have money saved for retirement, you have several options. Here are some common ones:

- **Cash out**, offering extra liquidity if you need it.
- **Leave the money in the plan**, if your prior employer allows it.
- **Take your money with you**, rolling it into your new employer's plan.
- **Roll it into a new, personal account (like an annuity)**, that is yours and not impacted by your future job changes.

Whatever course of action you choose, be certain that's the direction you want to go because it can be difficult or impossible to unwind the transaction once it's complete.

This isn't intended to be a comprehensive list. Talk to your financial professional and tax adviser for a complete list of considerations for your situation.

In reviewing possible options, here are some questions you may want to consider.

Cash out

- Do you need extra liquidity due to an unexpected expense?
- Are you financially prepared for a potential tax consequence if you cash out?
- Are you interested in continued compounded interest on your money?
- Do you want to continue allowing your money to grow tax deferred?

Leave it in your prior employer's plan

- Do you understand the possible rules and restrictions around keeping this plan in place?
- Do you like your current investment options and expense ratio?
- Are you comfortable with your plan being controlled by a former employer?
- Will you have the flexibility to make plan changes when you want to?



Roll it into your new employer's plan

- Does your new employer's plan allow roll-ins, and do you understand the transfer process?
- Do you feel you'll have more control of how your money is invested?
- Is consolidating all of your retirement accounts into one place important to you?
- Will you have enough diversification options in the new plan?

Roll it into a new, personal account (like an annuity)

- Do you have a trusted financial professional that can help you establish an account?
- Are you interested in establishing an independent account that is yours, no matter future job changes?
- Do you want to make your own account choices, such as deciding on a carrier and how your money is diversified?
- Is a Roth conversion an option you want available?

IRS rollover chart



		Roll To							
		Roth IRA	Traditional IRA	SIMPLE IRA	SEP-IRA	Governmental 457(b)	Qualified Plan ¹ (pre-tax)	403(b) (pre-tax)	Designated Roth Account (401(k), 403(b) or 457(b))
Roll From	Roth IRA	Yes ²	No	No	No	No	No	No	No
	Traditional IRA	Yes ³	Yes ²	Yes ^{2,7} , after two years	Yes ²	Yes ⁴	Yes	Yes	No
	SIMPLE IRA	Yes ³ , after two years	Yes ² , after two years	Yes ²	Yes ² , after two years	Yes ⁴ , after two years	Yes, after two years	Yes, after two years	Yes
	SEP-IRA	Yes ³	Yes ²	Yes ^{2,7} , after two years	Yes ²	Yes ⁴	Yes	Yes	No
	Governmental 457(b)	Yes ³	Yes	Yes ⁷ , after two years	Yes	Yes	Yes	Yes	Yes ^{3,5}
	Qualified Plan ¹ (pre-tax)	Yes ³	Yes	Yes ⁷ , after two years	Yes	Yes ⁴	Yes	Yes	Yes ^{3,5}
	403(b) (pre-tax)	Yes ³	Yes	Yes ⁷ , after two years	Yes	Yes ⁴	Yes	Yes	Yes ^{3,5}
	Designated Roth Account (401(k), 403(b) or 457(b))	Yes	No	No	No	No	No	No	Yes ⁶

Source: https://www.irs.gov/pub/irs-tege/rollover_chart.pdf

1. Qualified plans include, for example, profit-sharing, 401(k), money purchase, and defined benefit plans. 2. Only one rollover in any 12-month period. 3. Must include in income.

4. Must have separate accounts. 5. Must be an in-plan rollover. 6. Any nontaxable amounts distributed must be rolled over by direct trustee-to-trustee transfer.

7. Applies to rollover contributions after December 18, 2015. For more information regarding retirement plans and rollovers, visit [Tax Information for Retirement Plans](#).

How to complete a rollover

Completing a rollover can be as easy as 1-2-3:

1. Work with a financial professional to explore the pros and cons of completing a rollover, including any special rules under your plan.
2. If you choose to go forward with one, pick a strong, stable insurance carrier or financial institution to manage it (might we recommend North American?).
3. You or your financial professional (on your behalf) lets your former employer's plan administrator know where your new account is and completes their transfer process.



**Talk to your North American
financial professional to learn
more today.**

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1. There are several exceptions to the 10% IRS penalty for early withdrawals. Medical expenses greater than 7.5% of your adjusted gross income, health insurance for those unemployed, and paying for college are among them. Talk to your tax advisor for all the exceptions and whether you might qualify.

IRS rollover chart

The Internal Revenue Service (IRS) has provided guidance on the types of accounts that allow you to maintain the tax-deferred status of your retirement savings and those that could trigger a tax payment and potential penalty if you're under 59 1/2 years old.



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	SIMPLE IRA	Yes ³ , after two years	Yes ² , after two years	Yes ²	Yes ² , after two years	Yes ⁴ , after two years	Yes, after two years	Yes, after two years	Yes
	SEP-IRA	Yes ³	Yes ²	Yes ^{2,7} , after two years	Yes ²	Yes ⁴	Yes	Yes	No
	Governmental 457(b)	Yes ³	Yes	Yes ⁷ , after two years	Yes	Yes	Yes	Yes	Yes ^{3,5}
	Qualified plan ¹ (pre-tax)	Yes ³	Yes	Yes ⁷ , after two years	Yes	Yes ⁴	Yes	Yes	Yes ^{3,5}
	403(b) (pre-tax)	Yes ³	Yes	Yes ⁷ , after two years	Yes	Yes ⁴	Yes	Yes	Yes ^{3,5}
	Designated Roth account (401(k), 403(b) or 457(b))	Yes	No	No	No	No	No	No	Yes ⁶

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