

Index Growth Annuity 5 And 7

The Broker's Sales Guide To An Individual Fixed Annuity From The Standard

**With an Index Growth Annuity
you'll find a rewarding combination
of safety, tax deferral and choice.**



An Index Annuity

An index annuity (often referred to as an “equity-indexed annuity”) is a fixed-interest insurance product with interest crediting determined in part by reference to an investment-based index, such as a Standard & Poor’s® index or a NASDAQ® index. It is important to understand that indexed products do not invest in the index used to determine the interest crediting rate; these are not securities and should not be marketed or sold as such.

Index annuity products are designed for those people who are interested in guaranteed rates with safety of principal, but who also desire a return that can capitalize on positive economic conditions, and which may exceed traditional fixed products. These clients will normally be moderately conservative savers who appreciate the tax-deferred aspects of annuities and may be interested in some diversification through different asset classifications and product designs.

There are a number of index products on the market and each has its own unique design features. This guide provides a summary of Standard Insurance Company’s Index Growth Annuity product. Before you sell this annuity you are required to review this guide carefully. And, as always, if you have any questions or need support in a sale, you can call our sales team at 800.378.4578.

Index Growth Annuity

The Index Growth Annuity from The Standard is designed to reflect the performance of the well known Standard & Poor’s 500 index. By tying the annuity’s performance to this popular index, your client can participate in the growth of the index and at the same time be protected from downturns with the guarantees similar to a fixed, deferred annuity.

The Index Growth Annuity is a single-premium, deferred annuity with a Fixed Interest account and an Index Interest account that participates in 100 percent of the growth of the S&P 500® index to a pre-specified rate cap. The Index Growth Annuity has a one-year interest-rate guarantee period on the Fixed Interest account and a 12-month point-to-point index term on the Index Interest account. At the end of the guarantee period and the index term, your client will benefit from competitive renewal rates based on the current economic environment and the performance of the fixed-income portfolio of The Standard. There is a choice of a five- or seven-year surrender-charge period. And your customers will be spared the hassle of a 30- or 60-day window at the end of the surrender-charge period, during which time contract owners are generally required to make a decision prior to the start of a new surrender-charge period.

The Index Growth Annuity offers a variety of ways for your clients to access funds before the end of the surrender-charge period without paying a surrender charge. Easy withdrawal methods include a 10 percent annual withdrawal option, 72(t) and 72(q) SEPPs for early-retirement income without penalties, IRS RMDs from qualified plans, and nursing home and terminal condition waivers.

Issue Ages

The maximum issue age on an owner or annuitant for the Index Growth Annuity is 90. The contract does allow the option of joint ownership and/or joint annuitants.

Initial Premium

\$15,000 is the minimum initial premium necessary to establish the contract. \$1,000,000 is the maximum initial premium allowed for establishing an Index Growth Annuity; higher amounts may be permitted with prior approval from the home office.

Fees

There are no annual contract fees.

Account Accumulation

The annuity fund will be allocated into two separate accounts, the Index Interest account and the Fixed Interest account, in any percentage directed by the client. The ratio between these accounts may be changed as often as once a year, at the end of each 12-month index term.

Minimum Surrender Value Guarantee

The growth of the annuity value is guaranteed and protected. The contract includes a minimum surrender value that will grow as the contract remains in force. This rate on which this value is based is announced monthly as the “minimum contract guarantee rate.”

After the surrender-charge period, your client or the beneficiary will receive no less than 100 percent of the premium, net of any withdrawals taken, accumulated at a rate that meets or exceeds minimum state requirements.

Minimum Contract Guarantee Rate

This rate is set contractually and once the contract is issued, is applied to the life of the contract.

Interest Rate Lock

The Index Growth Annuity may make available an interest rate cap lock. If available at the time of purchase, this would allow The Standard to hold a rate cap for a set time period from the home-office receipt of a request for a rollover, transfer or exchange. If the funds were to be received within this window, the client would receive the greater of the held interest rate cap or the current interest rate cap. If the premium is received after the rate-lock period, it would be assigned the interest rate cap in effect at the time the premium is received. For more specific information, contact the sales team.

Please note that this rate lock may be made available only for the index rate cap. A rate lock will never be offered for the minimum contract guarantee rate or the fixed interest crediting rate; those will be set at the rates in effect at the time the funds are received.

Account Transfers

Funds may be transferred between the Index Interest account and the Fixed Interest account, receiving the index rate cap and interest rate in effect at the time the transfer is acted upon. A transfer must be elected prior to the end of an index term and will be transacted on the first day of the new index term.

Index Interest Account

If funds are allocated to the Index Interest account, a \$2,000 minimum balance must be maintained to keep the option available.

Interest Crediting

In the Index Interest account, interest is calculated annually and, in case of gain, credited annually. The rate is determined as 100 percent of the growth of the Standard & Poor's 500 index over a 12-month period, up to a pre-specified index rate cap. After the initial index term, a renewal index rate cap will be declared annually based on the current economic environment. As interest is credited, the earnings are locked in to the account value. Although gains will be credited when the S&P 500 index experiences gains, the account will never participate in any losses that the index may see.

Index Term

The initial index term is a 12-month period, beginning the day funds are allocated to the Index Interest account. Subsequent index terms will be 12 months each.

Participation Rate

The portion of the premium placed in the Index Interest account will participate in 100 percent of the growth of the S&P 500 index over each index term up to a pre-specified index rate cap. The participation rate will never be less than 100 percent.

Index Rate Cap

The portion of the premium placed in the Index Interest account will be assigned an index rate cap for a 12-month index term. After each index term, the premium will receive a renewal index rate cap based on the current economic environment.

Bailout Index Rate Cap

The annuity contract is assigned a bailout index rate of 2 percent less than the initial index rate cap. If a renewal index rate cap declared is below the bailout index rate, your client may withdraw funds from the Index Interest account without a surrender charge only during the time period that the rate is below the bailout.

Premium Allocation

Allocation to the Index Interest account is made on the 15th day of each month. Funds to be allocated will be held until all expected monies are received and then allocated as a single deposit.

Fixed Interest Account

Interest Crediting

In the Fixed Interest account, interest is calculated and credited daily.

Interest Rate Guarantee

The portion of premium placed in the Fixed Interest account will be credited a guaranteed interest rate for one year. After the guarantee period, the premium will receive a renewal rate based on the current economic environment and the performance of the fixed-income portfolio of The Standard.

Minimum Rate Guarantee

The contract will include a minimum guaranteed rate on funds in the Fixed Interest account, below which a renewal crediting rate will never fall.

Premium Allocation

Allocation to the Fixed Interest account is made on the day of receipt in the home office.

Surrender-Charge Periods

Because the Index Growth Annuity is specifically designed to perform over the long term, if a client needs access to funds during the surrender-charge period (in excess of any free withdrawal provisions), a surrender charge will be assessed according to the tables below.

Index Growth Annuity Surrender-Charge Schedule

Contract Year	1	2	3	4	5	6	7
IGA 5	8%	7%	6%	4%	2%		
IGA 7	9%	8%	7%	6%	5%	4%	2%

Market Value Adjustment

The Index Growth Annuity does not have a Market Value Adjustment feature.

Withdrawal Features

10 Percent Annual Withdrawals

Beginning immediately, your client may annually withdraw up to 10 percent of the annuity's value without incurring a surrender charge.

IRS Required Minimum Distributions

The Index Growth Annuity is available for purchase as an IRA, 403(b) Tax-Sheltered Annuity or other tax-qualified plan. If purchased as a tax-qualified contract, the IRS Required Minimum Distributions (RMDs) attributable to the account value of the annuity will be distributed without the assessment of a surrender charge. The Standard guarantees its calculation of RMDs and will pay any fines or penalties associated with an incorrect amount that is calculated by The Standard. However, The Standard will not be responsible for incorrect calculations due to incorrect information provided by the contract owner. This guarantee is limited to calculations made on accounts administered by The Standard.

Substantially Equal Periodic Payments

The Index Growth Annuity allows your client to select the Substantially Equal Periodic Payments (SEPP) option, which allows early-retirement (pre-age-59½) income without imposition of the IRS 10 percent early-withdrawal penalty or incurring a surrender charge.

Nursing Home Benefit

After the first contract year, if your client becomes a nursing home resident for 30 or more consecutive days, The Standard will waive surrender charges on all withdrawals, transfers and surrenders during the period of confinement. Written documentation is required. The nursing home waiver is not available in Massachusetts. If initiated on other than at the end of the 12-month index term, there will be a partial index credit if there were index gains.

Terminal Condition Benefit

If your client is diagnosed with a terminal condition, The Standard will waive surrender charges on all withdrawals, transfers and surrenders. Written documentation is required. State-specific conditions apply to the terminal condition waiver. If initiated on other than at the end of the 12-month index term, there will be a partial index credit if there were index gains.

Death Benefits

Beginning immediately, the annuity value is payable as death benefits without a surrender charge. If initiated on other than at the end of the 12-month index term, there will be a partial index credit if there were index gains.

Annuitization

Your client may convert the Index Growth Annuity into an income annuity with The Standard and pay no surrender charges, provided your client chooses a Lifetime Income option or a Period Certain option of five years or longer. If initiated at other than the end of the 12-month index term, there will be a partial index credit if there were index gains.

Out of Surrender

After the surrender-charge period, your client may withdraw some or all of the Index Growth Annuity funds without surrender charges.

Amounts withdrawn from the Index Interest account prior to the end of an index term will not receive any interest during that term, except in those cases noted with the availability of a partial index credit.

Accommodating Income Options

When it's time to switch from the accumulation phase to the income phase, you'll want several payment options to present to your client. Some retirees prefer regular installment payments for a specific period; others want a predictable, guaranteed lifetime income. Whatever the long-term goals and financial needs, The Standard has an option to match.

- Life Income
- Life Income with Installment Refund
- Life Income with Certain Period
- Joint and Survivor Life Income
- Joint and Survivor Life Income with Installment Refund
- Joint and Survivor Life Income with Certain Period
- Joint and Contingent Survivor Life Income
- Certain Period

Suitability Analysis During The Sales Process

Is This Product Right For Your Client?

In recommending an annuity to a client, the NAIC's suitability regulation requires a producer to have "reasonable grounds" to believe the recommended annuity is suitable for that particular client on the basis of facts disclosed by the client during the sales process. A producer should obtain and analyze the client's:

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

As a result of a producer's review of the client information and analysis to determine suitability, the producer must have a "reasonable basis to believe:"

- The client has been "reasonably informed of the various features of the annuity" — this includes the surrender charge period and surrender charge amounts; potential tax penalties associated with the sale, exchange, surrender or annuitization of the annuity; mortality, expenses and investment advisory fees; potential charges for and features of riders; limitations on interest returns; 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;
- The particular annuity as a whole, any index accounts to which funds are allocated at the time of purchase or exchange of the annuity, and any riders and similar product enhancements, are suitable for the client based on his/her suitability information; and
- (If applicable) an exchange or replacement is suitable, 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.

Reference Guide

Premium

A single premium is a minimum of \$15,000 and a maximum of \$1,000,000 without home office approval.

Rollovers, Transfers And Exchanges

The entire premium will be allocated to the Fixed Interest account, where it earns interest until all expected funds are received and then is allocated on the 15th day of the month as a lump sum, as directed on the application.

Interest Rate Lock

If available at the time of purchase, this would allow The Standard to hold a rate cap for a set time period from the home-office receipt of a request for a rollover, transfer or exchange. If the funds were to be received within this window, the client would receive the greater of the held interest rate cap or the current interest rate cap. If the premium is received after the rate-lock period, it would be assigned the interest rate cap in effect at the time the premium is received. For more specific information, contact the sales team.

A rate lock may be made available only for the index rate cap. A rate lock will never be offered for the minimum contract guarantee rate or the fixed interest crediting rate; those will be set at the rates in effect at the time the funds are received.

Interest Rates

The Standard generally declares interest rate caps, fixed interest rates and minimum contract guarantee rates monthly but may do so more often. Notices of change are sent to all contracted brokers via e-mail.

Index Interest Account

Once premium is received and allocated to this account, the initial index rate cap applied to the premium is fixed for one 12-month, point-to-point index term. Subsequent index terms will receive a renewal index rate cap. The contract is assigned a bailout index rate of 2 percent less than the initial index rate cap. If a renewal index rate cap declared is below the bailout index rate, funds may be withdrawn from the Index Interest account without a surrender charge. Funds may be withdrawn under this provision only during that time period the declared index rate cap is below the contractual bailout index rate.

Fixed Interest Account

Once premium is received and allocated to this account, the initial interest rate applied to the premium is fixed and guaranteed for one year. After that guarantee period, the funds will receive a renewal interest rate. The contract will include a minimum guaranteed rate, below which the rate cannot fall.

Account Allocation

Premiums may be directed to an Index Interest account, a Fixed Interest account, or split between the two.

Index Interest Account

If premium is allocated to the Index Interest account, it will be allocated (and the 12-month index term will begin) on the 15th day of the month after all premium, as applied for, has been received. Each index term will be immediately followed by subsequent index terms of 12 months each. Though funds are not required in the Index Interest account, if any are directed here, a \$2,000 minimum balance must be maintained to keep the account open.

Fixed Interest Account

If premium is allocated to the Fixed Interest account, it will be allocated on the contract effective date.

Transfers

Inter-fund transfers are allowed once per index term. Transferred funds will receive the index rate cap and interest rate in effect at the time the transfer is acted upon. A transfer must be elected prior to the end of the index term and will be transacted on the first day of the new index term.

Interest Rate Crediting

The contract includes a guaranteed minimum surrender value that grows while the contract is in force.

Index Interest Account

Funds in the Index Interest account will participate in 100 percent of the growth of the S&P 500 index up to the declared index rate cap. Interest will be calculated and credited to the Index Interest account once each year, at the end of the 12-month index term. The interest rate is calculated by determining the value of the S&P 500 on the allocation day and comparing this value to the value of the index 12 months later. If the value of the index has increased the Index Interest account will be credited with the same percentage increase, up to the index rate cap. If the value of the index has decreased or remained level no interest will be credited to the Index Interest account. All gains are locked into the account value.

Fixed Interest Account

Interest on funds in the Fixed Interest account is calculated and credited daily. All gains are locked into the account.

Surrender Charges

Surrender charges are based on the contract effective date and represent a percentage of the annuity's balance. The charges are in effect for only one period during the life of the contract and will not reset.

Index Growth Annuity Surrender-Charge Schedule

Contract Year	1	2	3	4	5	6	7
IGA 5	8%	7%	6%	4%	2%		
IGA 7	9%	8%	7%	6%	5%	4%	2%

Withdrawals

The minimum withdrawal amount is \$500. No withdrawal may reduce the annuity value below \$2,000. Withdrawals are made from the Fixed Interest account until those funds are exhausted then from the Index Interest account.

Index Interest Account

If initiated on other than at the end of the index term, there will be no partial index credit on an amount withdrawn except in the circumstance of nursing home waiver, terminal condition waiver, death benefits or annuitization.

Plan Types

Non-Qualified

Perfect as a funding vehicle for non-qualified retirement funds, The Standard can facilitate partial and full 1035 exchanges as well as transfers.

Tax-Qualified

Available as a Traditional IRA, Roth IRA, 403(b) TSA or other qualified plan, The Standard will facilitate rollovers and transfers. No loans are available from a TSA.

Client Profile

Can be used in those cases where the client desires the potential for a higher interest rate than a traditional fixed annuity can provide; and is willing to accept the risk that the interest rate credited may, in fact, be lower than the rate available on a traditional fixed annuity.

Can be appropriate for those people who currently have money in a fixed-rate account; wish to have the potential of higher interest-rate returns; and appreciate the advantages of tax deferral, preservation of principal and annuitization.

Definitions

Bailout Index Rate

Contractually set as 2 percent less than the initial index rate cap, if a renewal index rate cap declared is below the bailout, funds may be withdrawn from the Index Interest account without a surrender charge.

Fixed Interest Account

That portion of the annuity fund that is allocated to the guaranteed, fixed-rate interest crediting method.

Index Credit

The interest rate applied to the Index Interest account, calculated as 100 percent of the growth of the S&P 500 index over a 12-month index term, up to a defined rate cap.

Index Gain

The percent increase that, after the index rate cap is applied, will be credited as interest on the Index Interest account.

Index Interest Account

That portion of the annuity fund that is allocated to the index-growth-dependent interest crediting method.

Index Rate Cap

An announced rate that will be applied as a cap to the amount of interest that will be credited to the Index Interest account. If the growth of the S&P 500 index is greater than the index rate cap, only the amount up to the cap will be credited on funds in the Index Interest account. Also may be referred to as “initial index rate cap” and “renewal index rate cap.”

Index Term

The 12-month time period, the beginning of which and the end of which are used to calculate index gain. Also may be referred to as “initial index term” and “renewal index term.”

Interest Rate

The rate credited daily to the Fixed Interest account. The initial crediting rate is guaranteed for one year and then renewal rates are set to reflect current economic conditions.

Market Value Adjustment

There is no MVA on this product.

Minimum Rate Guarantee

A contractual guarantee that the interest rate credited on the Fixed Interest account will never be less than a set rate. This rate will vary by state and will apply to all funds in the Fixed Interest account for the life of the contract.

Minimum Surrender Value Guarantee

A contractual guarantee that the minimum surrender value will grow while the contract remains in force. Upon surrender the client will receive the greater of the surrender value or the guaranteed minimum surrender value.

Partial Index Credit

An interest rate applied to the Index Interest account in the case of certain mid-index-term distribution events (nursing home, terminal condition, annuitization or death). There are no other circumstances in which a partial index credit will be applied.

Participation Rate

Contractually set as 100 percent of the growth of the S&P 500, this is the percent of the growth of the S&P 500 index that the Index Interest account will be credited (up to the index rate cap).

S&P 500 Index

The independent index that The Standard uses to measure the interest to be credited to the Index Interest account.

Statement Of Understanding

An insurance product may well be deemed to be a security if marketing emphasis is placed on the product's investment aspects rather than its insurance aspects.

When presenting an indexed product, brokers **should**:

- Emphasize that the index annuity is designed as a planning vehicle appropriate for retirement income or to enhance overall retirement savings and benefits.
- Emphasize the contract's guarantees, including the guaranteed interest rate and guaranteed minimum surrender value.
- Emphasize the long-term nature of the contract.
- Emphasize the annuitization benefits and options of the contract.
- Emphasize the nursing home and terminal condition benefits of the contract.
- Market an index annuity to retirement savers who seek the guarantees associated with a fixed annuity, but who also want the potential of a greater return, rather than to existing investors who want equity growth with a guarantee.
- If you refer to or discuss the S&P 500 index, emphasize that it is merely a means to measure the index return (i.e., excess interest, if any, above the guaranteed minimum interest) and not as a vehicle for participation in the stock market.
- Point out that, for index annuities, your prospect will not be taking any market risk on the principal, but that The Standard will stand behind the product with its guarantees.
- Make sure every prospect gets a copy of the point-of-sale marketing materials, and that every applicant signs and gets a copy of the application, the disclosure statement, as well as copies of the Index Growth Annuity consumer materials and the illustration for equity indexed life policies.
- Make sure that the prospect understands all the guaranteed and non guaranteed features of the contract.
- Make sure that the prospect understands the surrender-charge period and all associated charges.

When presenting an indexed product, brokers **should not**:

- State or imply that the index return is in any way guaranteed.
- Place undue emphasis on the S&P 500 index; it is solely a means by which The Standard will measure the index interest rate of the index annuity.
- Use terms such as “investment performance,” “investment returns,” “Wall Street” or “stock market.”
- State or imply that using the S&P 500 index ties the contract directly to the stock market.
- Provide a partial or a complete list of the stocks or companies that comprise the S&P 500 index. (Providing such a list could give a false impression that the applicant is indirectly investing in those stocks.)
- Emphasize the similarities of the policies to variable policies, mutual funds and other such investment vehicles. Rather, point out the differences and guarantees of index contracts.
- Prepare or use your own sales materials, illustrations or advertising (including prospecting letters). All sales materials and advertising for the Index Growth Annuity must be prepared and approved by The Standard's home office.

Compensation

Commission Amounts

Consult your Annuity Commission Schedule for details.

Commission Chargeback

Surrenders

- 100% of the commission will be recaptured on contracts surrendered in the first six contract months
- 50% of commission will be recaptured on contracts surrendered in the seventh to twelfth contract months

Death

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% of the commission will be recaptured on death in the first six contract months
- 50% of commission will be recaptured on death in the seventh to twelfth contract months

Sales Support

For additional information, please contact your National Marketing Organization or our sales team at (800) 378-4578. You can also email our sales team at annsales@standard.com.

Marketing Materials

www.standard.com/annuities

New Business Forms

www.standard.com/annuities

Forms And Materials

You may find all these and others at www.standard.com/annuities. Be sure to check product availability and revision dates to ensure you're using all the correct forms and materials for your state.

New Business Submission

Annuity New Business, P5C
The Standard
PO Box 711
Portland, OR 97207-9971

Street Address For Overnight Deliveries

Annuity New Business, P5C
The Standard
1100 SW Sixth Avenue
Portland, OR 97204



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Standard Insurance Company
Individual Annuities
1100 SW Sixth Avenue
Portland OR 97204-1093

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