

# Index Select Annuities 5 and 7

A Rewarding Combination Of Safety, Tax Deferral And Choice



Standard Insurance Company

TheStandard®



## What Is A Deferred Annuity?

A deferred annuity contract is chiefly a vehicle for accumulating savings and eventually distributing the value – either as a payment stream or as a one-time, lump-sum payment. All varieties of deferred annuities have one thing in common: the increase in account value is not taxed until those gains are withdrawn (or paid out). This is also known as tax-deferred growth.

Annuities contracts in the U.S. are defined by the Internal Revenue Code. They have features of life insurance products, but are only allowed to be sold by insurance companies. And because insurance companies are regulated by state insurance departments, some contracts, features and options may not be available or may not be exactly the same in all states.



# Index Select Annuity

## Maximize Your Earnings Potential With Confidence

The Index Select Annuity offers an ideal combination of growth potential and safety. With one allocation of funds directly linked to the gains of the Standard & Poor's 500 index and another amount tied to a fixed interest rate, this annuity is designed to maximize your earnings potential while minimizing the risk. It's a premier choice for disciplined savers who want to benefit from an index annuity with the highest index rate cap available at The Standard.

## How This Annuity Works

An Index Select Annuity contract is comprised of two different accounts: Index Interest and Fixed Interest. Your allocation to the Index Interest and Fixed Interest Accounts may be changed as often as once a year, prior to the end of the index term. In such a case, funds would be transferred on the first day of the subsequent index term and would receive the index rate cap and interest rate in effect at the time the transfer is performed.

## Index Interest Account Features

The amount allocated to this account is credited a rate based on the performance of the S&P 500.<sup>®</sup>

### Index Term

Each index term is 12 months. On the first day of this term, the value of the S&P 500 will be set as the beginning value. On the last day of this term, the value of the S&P 500 will be set as the ending value. The difference is the growth or loss. A positive change in the S&P 500 Index over the index term will result in the crediting of interest, up to the pre-specified rate cap, to the Index Interest Account value. A negative change (a loss) in the index over the index term will not result in a reduction of the Index Interest Account value.

### Index Participation

The portion of premium that is 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 the stated index rate cap.

Policy: ICC11-SPDA-IA2, SPDA-IA2.

Riders: ICC13-R-GMAB, ICC11-R-PTP, ICC11-R-MVA, ICC11-R-DB, ICC11-R-ANN, ICC11-R-TCB, ICC11-R-NHB, ICC11-R-ANNDW, ICC11-R-POF, ICC10-R-ERTSA, ICC10-R-NERTSA, ICC10-R-QPP, ICC11-R-IRA, ICC11-R-Roth IRA, ICC11-R-SEPP, R-GMAB, R-ANN, R-DB, R-MVA, R-POF, R-PTP, R-TCB, R-NHB, R-ANNDW, R-ERTSA, R-NERTSA, R-QPP, R-IRA, R-Roth IRA, R-SEPP-IA



**This index annuity is a fixed, deferred annuity in which the interest rate is determined, in part, by referencing the Standard & Poor's 500 index. By tying an annuity's performance to this popular index, it is allowed to participate in general market gains and, at the same time, be protected from downturns.**

**The account will never participate in any declines the index may see each term, only in the gains. Plus, as interest is credited, the earnings are locked into the index interest account value.**

## Index Rate Cap

Funds within the Index Interest Account can earn interest up to a pre-declared cap on the index interest rate. At the end of each index term the contract will be assigned a renewal index rate cap for the subsequent index term, based on the current economic and interest rate environment.

## Fixed Interest Account Features

The amount allocated to this account is credited daily with a fixed interest rate that is guaranteed for the first year.

## Fixed Rate Guarantees

The portion of premium that is placed in the Fixed Interest Account will be credited an interest rate that is guaranteed for one year. After that guarantee period, the contract will receive renewal rates based on the current economic and interest-rate environment.

## Guaranteed Minimum Accumulation Benefit

At the beginning of the index term that follows the end of the Market Value Adjustment (MVA) period, your annuity fund value is assured to reach the guaranteed minimum accumulation value, which is 100% of original premium less withdrawals (including applicable surrender charges) grown at 1.00% simple interest per index term. This ensures that even in an extended down market, your annuity fund value will have earned a guaranteed minimum interest growth.

For example, if you purchase an ISA 5, the annuity fund is guaranteed to be no less than 105% of the original premium less any withdrawals (including applicable surrender charges) at the end of the 5th index term. For the ISA 7, the annuity fund is guaranteed to be no less than 107% of the original premium less any withdrawals (including applicable surrender charges) at the end of 7th index term.

At the beginning of the index term that follows the the end of the MVA period, if your annuity fund value is less than this guaranteed minimum accumulation value, then a one-time adjustment, known as our Guaranteed Minimum Accumulation Benefit, will be made to your annuity fund value to raise it up to the guaranteed minimum accumulation value.

## Interest Crediting

### Index Interest Account

In the Index Interest Account, interest is calculated and credited annually. The rate is determined as 100 percent of the growth of the S&P 500 index over the index term, up to the index rate cap. As interest is credited, the earnings are locked into the account value. Your premium and previously credited interest earnings will never decrease due to declines in the S&P 500 Index.

### Fixed Interest Account

In the Fixed Interest Account, interest is calculated and credited daily. Like the Index Interest Account, any earnings from interest are locked into the account value.

### Minimum Value Guarantee

During the MVA period and throughout the life of the contract, minimum values of the annuity are guaranteed by law. Requirements ensure that the owner will never receive less than applicable minimum contract values over the life of the contract.

The annuity contract surrender value is guaranteed to equal, or exceed, the contractual minimum values as defined in the contract.

These minimum values are not reported on account statements but will be applied in events such as a surrender, annuitization or payment of death benefits. A formula is applied to ensure the surrender value meets, or exceeds, these contractual minimum values – even if market value adjustments and surrender charges have been incurred during the MVA period.

At all times, the owner is guaranteed to receive an annuity value that meets, or exceeds, minimum required values.

### Interest Crediting Example

Let's say your \$100,000 annuity is allocated as such:

Index Interest Account = \$75,000

Fixed Interest Account = \$25,000

And let's assume your annuity has the following rates:

Index Rate Cap = 5%

Fixed Crediting Rate = 1.5%

If this is the performance of the S&P...

S&P 500	S&P 500	S&P 500
8.00%	4.00%	-2.00%

...then this is the interest that would be credited to your account.

Index Interest	5.00%*	4.00%	0.00%**
Fixed Interest	1.50%	1.50%	1.50%

\* Although the index earned 8%, the index rate cap is set at 5%.

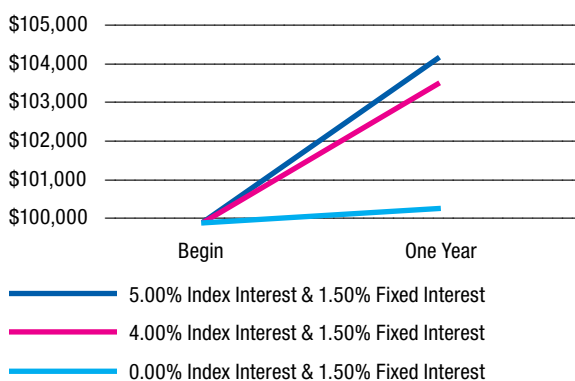
\*\* Though the index experienced a decline, the annuity did not.

### Example

Sample allocation at beginning of Index Term

Index Interest Account = \$75,000

Fixed Interest Account = \$25,000



## Eligibility

An Index Select Annuity 5 or 7 may be established for:  
ISA 5: owners age 18–93<sup>1</sup> and for annuitants age 0–93<sup>1</sup>  
ISA 7: owners age 18–90 and for annuitants age 0–90

The minimum premium amount is \$15,000 and the maximum is \$1,000,000. Greater amounts may be considered but must receive The Standard's approval prior to application.

## Tax-Qualification Options

This annuity may be established as an IRA or as a 403(b) Tax-Sheltered Annuity without a loan option. This annuity can also be established as a Simplified Employee Pension (SEP-IRA) to initiate or continue a tax-qualified retirement plan.

There are no additional tax advantages to purchasing an annuity as part of a qualified plan other than those provided by the qualified plan itself.

Lump-sum premiums and complete, or partial, exchanges of non-qualified funds may also be accepted into this annuity.

## Advantages Of Tax Deferral

Taxes will be due only when withdrawals or distributions are made from the annuity. This will generally be during retirement, when most people find themselves in a lower tax bracket. As a result, interest accumulates on principal, earnings and on money that would have otherwise been paid in income taxes.

## Time To Reflect On The Purchase

From the date the annuity contract is delivered, an owner has 30 days to consider the purchase. If the transaction is terminated during those 30 days, Standard Insurance Company will return all premium, minus any withdrawals taken.

## Surrender-Charge Period

Unlike short-term savings products, deferred annuities are designed for long-term retirement savings. Part of this design relies on the fact that the advantages of tax deferral work best when the annuity's growth is allowed to compound over time. So, although all or a portion of the funds may be withdrawn at any time, early withdrawals are discouraged and can be subject to surrender charges.



Expressed as a percentage of the annuity's value, these charges diminish to zero over time. This schedule is in effect for only one period during the life of the contract and will not reset.

There may be a 10 percent early-withdrawal tax penalty for surrenders that occur prior to age 59½. Please consult your tax or financial planner.

1. The purchase of the annuity for those age 91-93 must be for transfer-of-wealth or estate-planning purposes.

## Surrender Period Options

### Index Select Annuity 5

A withdrawal in...	results in a...
year 1	7% surrender charge
year 2	6% surrender charge
year 3	5% surrender charge
year 4	4% surrender charge
year 5	2% surrender charge
year 6+	0% surrender charge

### Index Select Annuity 7

A withdrawal in...	results in a...
year 1	7% surrender charge
year 2	6% surrender charge
year 3	5% surrender charge
year 4	4% surrender charge
year 5	3% surrender charge
year 6	2% surrender charge
year 7	1% surrender charge
year 8+	0% surrender charge

Withdrawals must be at least \$500 and a minimum contract balance of \$2,000 must be maintained.

## Market Value Adjustment

During the market value adjustment period, a market value adjustment (MVA) will be applied to withdrawals and surrenders for which a surrender charge is applied during the surrender period. This adjustment is based on changes in corporate bond yields and may increase or decrease the annuity's surrender value.

Generally if interest rates have risen since the annuity purchase, the adjustment will decrease the surrender value. If interest rates have fallen, the adjustment will increase the surrender value.

In a withdrawal scenario where the surrender charge is waived, the MVA will also be waived.

## Accessing Funds

While surrenders and withdrawals are discouraged until after the end of the surrender-charge period, there are some instances in which the owner may find it appropriate to withdraw funds. In some circumstances

surrender charges are waived and there is no market value adjustment, though the 10 percent early-withdrawal IRS penalty may still apply to withdrawals before age 59½.

## 10 Percent Annual Withdrawals

After the first contract year, annual withdrawals of up to 10 percent of the annuity value may be made without incurring a surrender charge.

## Required Minimum Distributions

If the contract is a tax-qualified plan, you may receive IRS Required Minimum Distributions without a surrender charge or market value adjustment.

## Life-Changing Scenarios

### Partial Index Crediting

If initiated mid-index term, and if the index experienced gains, a partial index credit will be applied when exercising the nursing home or terminal condition waivers, annuitizing or distributing death benefits due to the death of the owner.

## Terminal Condition

The owner may make withdrawals without a surrender charge after the first contract year if the owner is diagnosed with a terminal condition.

## Nursing Home Confinement

The owner may make withdrawals without a surrender charge after the first contract year if the owner is confined to a nursing home for 30 or more consecutive days.

## Annuitization

At any time the annuity may be converted to a payout annuity with The Standard. Annuitization must be either a lifetime income payment option or a certain period of at least five years.

## Death Benefits

Upon the death of the owner, the full annuity value is immediately payable as death benefits to the named beneficiary. Upon the death of an annuitant, the owner may elect a withdrawal within 180 days of such death and surrender charges will be waived.



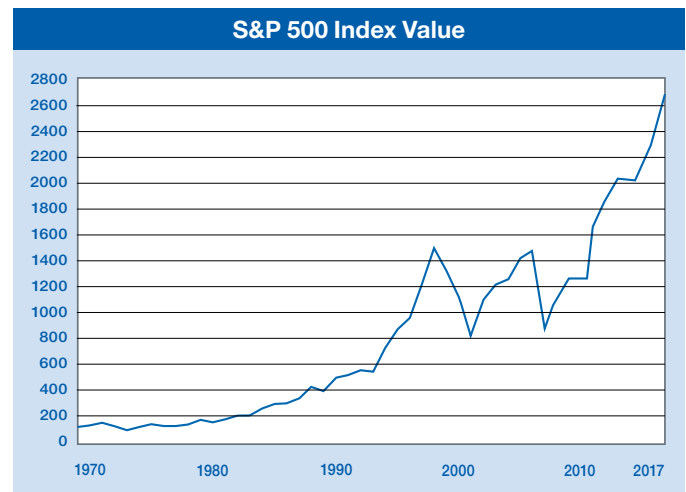
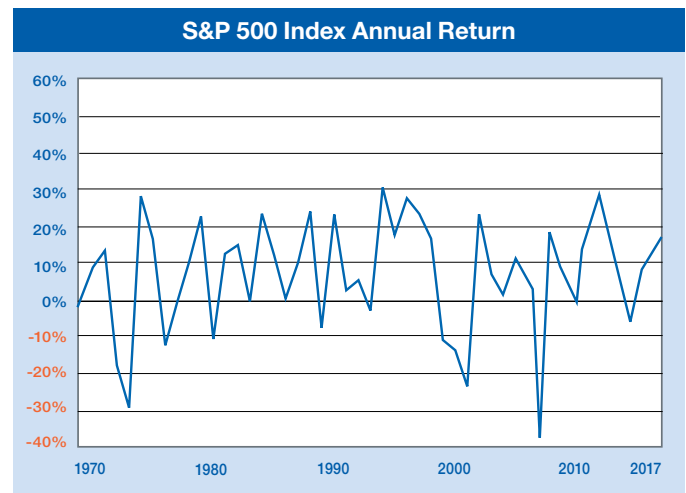
# History Of The S&P 500® Index

Widely regarded as one of the best gauges of the U.S. equities market, this world-renowned index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the S&P 500® focuses on the large-cap segment of the market, with over 80 percent coverage of U.S. equities, it is also an ideal proxy for the total market.

The S&P 500 is maintained by the S&P Index Committee, whose members include Standard and Poor's economists and index analysts. Committee oversight gives investors the benefit of Standard and Poor's depth of experience, research and analytic capabilities. The Committee establishes Index Committee Policy used to maintain the indices in an independent and objective manner.

The history of the S&P 500 dates back to 1923, when Standard and Poor's introduced an index covering 233 companies. The index as it is known today was introduced in 1957, when it was expanded to include 500 companies.

Past performance is not an indicator nor a guarantee of future results.



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An index annuity does not directly participate in any stock, bond, equity investment, or index.

Year	Value	Annual Return
1975	90.19	31.55%
1976	107.46	19.15%
1977	95.10	-11.50%
1978	96.11	1.06%
1979	107.94	12.31%
1980	135.76	25.77%
1981	122.55	-9.73%
1982	140.64	14.76%
1983	164.93	17.27%
1984	167.24	1.40%
1985	211.28	26.33%
1986	242.17	14.62%
1987	247.08	2.03%
1988	277.72	12.40%
1989	353.40	27.25%
1990	330.22	-6.56%
1991	417.09	26.31%
1992	435.71	4.46%
1993	466.45	7.06%
1994	459.27	-1.54%
1995	615.93	34.11%
1996	740.74	20.26%
1997	970.43	31.01%
1998	1,229.23	26.67%
1999	1,469.25	19.53%
2000	1,320.28	-10.14%
2001	1,148.08	-13.04%
2002	879.82	-23.37%
2003	1,111.92	26.38%
2004	1,211.92	8.99%
2005	1,248.29	3.00%
2006	1,418.30	13.62%
2007	1,486.36	3.53%
2008	903.25	-39.23%
2009	1,115.10	23.45%
2010	1,257.64	12.78%
2011	1,257.60	-0.00%
2012	1,426.19	13.41%
2013	1,848.36	29.60%
2014	2,058.90	11.39%
2015	2,043.94	-0.73%
2016	2,238.83	9.54%
2017	2,673.61	19.42%

Calculations from the first trading day of each year using this formula:  $\left[ \frac{\text{current-year value}}{\text{previous-year value}} \right] - 1 = \text{Annual Return}$



## A Guaranteed Income for Life

Annuitization is precisely why many people buy an annuity — to insure against outliving an income. By annuitizing a deferred annuity, a change is made from accumulating savings to generating a guaranteed income stream.

While annuitization may occur at any time, most will consider this option in the transition from the accumulation to the income stage of retirement. It's an option that:

- Provides a guaranteed income stream;
- Can set payments to meet the IRS Required Minimum Distribution; and
- Allows payment of taxes on smaller, regular payments instead of a lump sum.

## Income Options

### Life Income

A guaranteed income for as long as the annuitant lives. Payments will cease upon the death of the annuitant.

### Life Income With Installment Refund

A guaranteed income for as long as the annuitant lives. The total payments will never be less than the total of the funds paid to purchase this option. If the annuitant dies before receiving at least that amount, payments continue to the beneficiary until the full amount is repaid (or may be commuted to a lump-sum payment).

### Life Income With Certain Period

A guaranteed income for as long as the annuitant lives. If the annuitant dies prior to the end of the period specified (five, 10, 15 or 20 years), payments continue to the beneficiary until the end of the period (or may be commuted to a lump-sum payment).

### Joint And Survivor Life Income

A guaranteed income for as long as both annuitants live. When either annuitant dies, payments will continue at 50 percent, 66<sup>2</sup>/<sub>3</sub> percent, 75 percent or 100 percent of the payments received when both were living. Payments will cease upon death of both annuitants.

### Joint And Survivor Life Income With Installment Refund

A guaranteed income for as long as both annuitants live. The total payments will never be less than the total of the funds paid to purchase this option. If both annuitants die before receiving at least that amount, payments continue to the beneficiary until the full amount is repaid (or may be commuted to a lump-sum payment).

### Joint And Survivor Life Income With Certain Period

A guaranteed income for as long as both annuitants live. When either annuitant dies, payments will continue at 100 percent of the payments received when both were living. If both annuitants die prior to the end of the period specified (five, 10, 15 or 20 years), payments continue to the beneficiary until the end of the period (or may be commuted to a lump-sum payment).

### Joint And Contingent Survivor Life Income

A guaranteed income for as long as both annuitants live. If the primary annuitant dies first, payments will continue at 50 percent of the payments received when both were living. If the contingent annuitant dies first, payments will continue at 100 percent of the payments received when both were living. Payments will cease upon death of both annuitants.

### Certain Period

A guaranteed income for a time period chosen (five, 10, 15 or 20 years). At any time, benefits may be commuted to a lump-sum payment. If the annuitant dies prior to the end of the period specified, payments continue to the beneficiary until the end of the period (or may be commuted to a lump-sum payment).



Annuities are intended as long-term savings vehicles.

The Index Select Annuity is a product of Standard Insurance Company. It may not be available in some states and may at times be referenced as an equity-indexed annuity. The annuity is not guaranteed by any bank or credit union and is not insured by the FDIC or any other governmental agency. The purchase of an annuity is not a provision or condition of any bank or credit union activity. Some annuities may go down in value.

The guarantees of the annuity are based on the financial strength and claims-paying ability of Standard Insurance Company. An annuity should not be purchased as a short-term investment. As an investor you are cautioned to carefully review an index annuity for its features, costs, risks and methods of calculating the variables.

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The S&P 500 index does not reflect dividends paid on the underlying stocks.

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Standard Insurance Company  
1100 SW Sixth Avenue  
Portland OR 97204

[www.standard.com](http://www.standard.com)