Reset

The Standard®

Index Select Annuity Disclosure

Standard Insurance Company
Individual Annuities 800.247.6888 Tel
1100 SW Sixth Avenue Portland OR 97204-1093 **www.standard.com**

This Disclosure summarizes important points for you to consider before you purchase Standard Insurance Company's (The Standard's) Index Select Annuity.

The Index Select Annuity (ISA) is a single-premium deferred indexed annuity. You purchase the annuity with one premium payment, but premiums are accepted during the first 90 contract days to accommodate multiple roll-overs, transfers and exchanges. The ISA is a fixed deferred annuity which means interest is earned during the accumulation phase and annuity payments are deferred until the annuity date or upon annuitization. The ISA is an indexed annuity that offers separate annuity account allocation options: (1) the Fixed Interest Account; and (2) the Index Interest Account. You may allocate premium between the two accounts. The ISA's principal and earnings are not subject to income taxes until funds are withdrawn or distributed. A 10% IRS early-withdrawal penalty may apply to withdrawals or distributions prior to age 59½. Please see your financial or tax professional for any exceptions to this early-withdrawal penalty. The main purpose of a deferred annuity is to save money for retirement and to receive retirement income for life. It is not meant for short-term financial goals.

If you have any questions about the ISA, please ask your broker or financial advisor. You may also contact us at the phone number shown above.

THE ANNUITY CONTRACT *How do I get an annuity started and how will the value of my annuity grow?*

Please check the appropriate box ☐ qualified annuity ☐ non-qualified annuity

Annuity An annuity allows you to pay a premium for the contract and interest will be earned on a tax-deferred basis. The premium and interest earnings are not subject to income taxes until the funds are withdrawn or distributed.

Annuitant The annuitant is the person on whose life the amount and duration of annuity benefits are based.

Owner The owner is the person or entity who has purchased the contract and to whom the contract is issued.

Issue Age An ISA 5 or 7 will be issued to owners age 18-90 and annuitants age 0-90. An ISA 10 will be issued to owners age 18-80 and annuitants age 0-80.

Contract Effective Date The ISA's effective date is the date premium is received in The Standard's home office. The effective date is shown on the contract cover and in the contract's data pages.

Premium An ISA may be established with an initial premium of $15,000 to $1,000,000 (or more with prior home-office approval). Additional premium payments may be made during the first 90 days of the contract. This generally allows for multiple roll-overs, transfers and exchanges. Premium is allocated between the Fixed Interest Account and the Index Interest Account as you have indicated on the application.

Interest Rates

<u>Fixed Interest Account.</u> That portion of the premium placed in the Fixed Interest Account will receive the interest rate in effect as of the date the application and premium are received in the home office. It will be credited with interest daily. The initial interest rate is guaranteed for one year. After the initial one-year guarantee period, the premium in the Fixed Interest Account will receive a renewal rate based on the current economic and interest-rate environment.

<u>Index Interest Account.</u> Interest is credited at the end of an annual index term for that portion of premium placed in the Index Interest Account. The interest credited equals: (a) the growth of the S&P 500®[1] index over the annual index term; multiplied by (b) the amount of premium in the Index Interest Account at the end of the annual index term; subject to (c) the participation rate and the index rate cap.

The growth in the S&P 500® index equals: (a) the value of the index as of the end of the annual index term; minus (b) the value of the index as of the beginning of the annual index term; divided by (c) the value of the index as of the beginning of the annual index term.

No interest will be credited if there is no growth in the S&P 500® index. No interest will be deducted if there is a loss in the S&P 500® index.

Participation Rate The participation rate is the maximum percentage of the index change that will be used to calculate the interest to be credited to the funds in the Index Interest Account at the end of each annual index term. The participation rate is guaranteed for the life of the contract.

[1] "Standard & Poor's 500" and "S&P 500®" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by Standard Insurance Company. The product is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of purchasing the product. The S&P 500® index does not reflect dividends paid on the underlying stocks.

Policy: SPDA-IA2. Riders: R-ANN, R-DB, R-MVA, R-POF, R-PTP, R-TCB-IA, R-NHB-IA, R-ANNDW, R-GMAB, R-ERTSA, R-NERTSA, R-QPP, R-IRA, R-Roth IRA, R-SEPP-IA

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THE ANNUITY CONTRACT *How do I get an annuity started and how will the value of my annuity grow?*

Index Rate Cap The index rate cap is the maximum index change used in determining the interest rate to be credited to funds in the Index Interest Account at the end of each annual index term. The initial index rate cap is guaranteed for the first annual index term. After the initial annual index term, a renewal index rate cap will be declared annually, based on the current economic and interest-rate environment. The index rate cap is guaranteed for each annual index term for which is it declared.

Annuity Fund The annuity fund is the amount available to provide annuity benefits, surrender benefits and death benefits. The value of the annuity fund equals: (a) premium plus credited interest; minus (b) amounts surrendered, surrender charges and associated market value adjustments, and premium tax (if any).

Expense Charges There are no expense charges under the contract, other than surrender charges, market value adjustments, and premium tax in those states that require premium tax.

Safety and Guarantees During the market value adjustment period, The Standard guarantees that the owner will never receive less than 92.1% of the total premium payments, net of any withdrawals taken. After the market value adjustment period, The Standard guarantees that the owner or beneficiary will never receive less than 100% of the total premium payments, net of any withdrawals taken.

Guaranteed Minimum Accumulation Benefit. After the end of the market value adjustment period, the annuity fund is guaranteed to include a minimum amount of growth. The annuity fund's guaranteed minimum accumulation value equals: (a) premium paid; minus (b) total amounts withdrawn (including surrender charges); multiplied by (c) a specified percentage. If the annuity fund value is less than the guaranteed minimum accumulation value after the end of the market value adjustment period, we will credit the contract with a one-time payment equal to the difference between the guaranteed minimum accumulation value and the annuity fund value. If the annuity fund value is equal to or greater than the guaranteed minimum accumulation value, no extra credit will be added.

INDEX INTEREST ACCOUNT GROWTH *How is the growth of funds in the Index Interest Account determined?*

Interest is credited at the end of the annual index term for funds in the Index Interest Account. For example purposes, assume:

- The participation rate guaranteed for the life of the contract is 100%
- As of the beginning of the annual index term –
  - A premium of $20,000 is fully allocated to the Index Interest Account
  - The index rate cap for the annual index term is 7.00%
  - The S&P 500® index is 1103.29
- As of the end of the annual index term, the S&P 500® index is 1186.57

The interest rate used for the annual index term will be: (a) the growth in the S&P 500® index; or (b) the index rate cap; whichever is less.

The growth in the S&P 500® equals: (a) the S&P 500® index at the end of the index term; minus (b) the S&P 500® index at the beginning of the index term; divided by (c) the S&P 500® index at the beginning of the index term.

(1186.57 – 1103.29) / 1103.29 = 7.5483%.

The index rate cap is 7.00%. Therefore, the index rate cap of 7.00% is less than the growth in the S&P 500® of 7.5483%.

The $20,000 premium is credited with interest at a rate of 7.00% (the index rate cap).

$20,000 x 7.00% = $1,400.

SURRENDER BENEFITS *May I take money out of my annuity and, if so, how?*

You may take money out of your annuity any time before annuity payments begin. You may take out all of your annuity's fund value (**full surrender**) or part of it (**partial surrender**).

Withdrawals must be $500 or more. At least $2000 must remain in the account for the contract to remain in force.

A 10% IRS penalty may apply to withdrawals made before age 59½.

A Surrender Charge will be assessed on amounts you withdraw before the end of the Surrender Charge Period, as follows:

ISA5	Year	1	2	3	4	5					
	Charge	7%	6%	5%	4%	2%					
ISA7	Year	1	2	3	4	5	6	7			
	Charge	7%	6%	5%	4%	3%	2%	1%			
ISA10	Year	1	2	3	4	5	6	7	8	9	10
	Charge	8%	7%	6%	5%	4%	3%	2%	1%	0.9%	0%

Example: If you withdrew $5,000 for an ISA5 during the first contract year, a 7% surrender charge would apply. $5,000 x .07 = $350. The withdrawal amount paid would be $5,000 - $350 = $4,650.

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MARKET VALUE ADJUSTMENT *How does the market value adjustment work?*

Market Value Adjustment During the first 5 contract years for the ISA5, the first 7 contract years for the ISA7, and the first 10 contract years for the ISA10, a market value adjustment will be applied to withdrawals or surrenders. Generally, if interest rates have risen since the purchase, the adjustment will decrease the surrender value. If interest rates have fallen since the purchase, the adjustment will increase the surrender value.

Note: *The market value adjustment is waived during the market value adjustment period for any surrender for which surrender charges are waived during the surrender charge period.*

Illustrated Effect of Possible Market Value Adjustment Consider the combined charges for an early surrender when market value adjustment index rates increase or decrease. The sample calculation below assumes the index is 3.00% at issue then either rises to 5.00% or drops to 1.00%. The percentages are for illustrative purposes only. Actual results may vary.

COMBINED SURRENDER CHARGE AND MARKET VALUE ADJUSTMENT

	ISA 5			ISA 7			ISA 10		
End of Contract Year	Unchanged at 3.00%	Increased to 5.00%	Decreased to 1.00%	Unchanged at 3.00%	Increased to 5.00%	Decreased to 1.00%	Unchanged at 3.00%	Increased to 5.00%	Decreased to 1.00%
1	7.00%	8.87%	5.13%	7.00%	8.69%	5.31%	8.00%	8.44%	7.56%
2	6.00%	9.94%	2.06%	6.00%	9.54%	2.46%	7.00%	8.98%	5.02%
3	5.00%	8.73%	1.04%	5.00%	9.42%	0.58%	6.00%	8.58%	3.42%
4	4.00%	5.98%	1.94%	4.00%	9.30%	-1.30%	5.00%	8.17%	1.83%
5	2.00%	2.16%	1.84%	3.00%	6.81%	-1.04%	4.00%	7.77%	0.23%
6	0.00%	0.00%	0.00%	2.00%	4.02%	-0.10%	3.00%	7.36%	-1.36%
7	0.00%	0.00%	0.00%	1.00%	1.16%	0.84%	2.00%	6.95%	-2.95%
8	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	4.89%	-3.13%
9	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.90%	2.94%	-1.23%
10	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%	-0.16%

VALUES *Annuity fund values, surrender values, minimum surrender values – how do these all work together?*

We have prepared an example illustration for you that pulls all of the various values together into one table. The following illustrates product performance based on historical S&P 500® index results. For these illustrative purposes, assume:

- The annuity is the ISA5
- The index rate cap is 2.50%
- $25,000 premium
- Contract effective date is April 18, 2000
- Issue age is 65 years old
- Participation rate is 100%
- All premium has been allocated to the Index Interest Account
- No withdrawals have been made
- The rate used to calculate the guaranteed minimum accumulation value is 105%

Date	MVA Index	S&P 500 Index	Change in S&P 500	Index Rate Cap	Equity Index Credit	Account Value	Free Amount	Surrender Charge	Surrender Value Before MVA	MVA	Surrender Value After MVA	Guaranteed Minimum Surrender Value
11/15/2004	3.98%	1183.81				$25,000.00						
11/15/2005	4.79%	1229.01	3.82%	7.50%	3.82%	$25,954.55	$0.00	7.0%	$24,137.73	-$748.26	$23,389.47	$23,123.76
11/15/2006	5.27%	1396.57	13.63%	7.50%	7.50%	$27,901.14	$2,790.11	6.0%	$26,394.47	-$877.18	$25,517.30	$23,452.12
11/15/2007	5.25%	1451.15	3.91%	7.50%	3.91%	$28,991.55	$2,899.16	5.0%	$27,686.93	-$615.45	$27,071.48	$23,785.14
11/15/2008	5.32%	873.29	-39.82%	7.50%	0.00%	$28,991.55	$2,899.16	4.0%	$27,947.86	-$344.43	$27,603.43	$24,122.89
11/15/2009	3.46%	1093.48	25.21%	7.50%	7.50%	$31,165.92	$3,116.59	2.0%	$30,604.93	$11.60	$30,616.53	$24,465.43

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ANNUITY BENEFITS *How do I get income (payouts) from my annuity?*

Annuity Date The annuity date is the contract anniversary nearest the annuitant's 95th birthday or the 10th contract anniversary, whichever is later. The contract will automatically annuitize and begin its payout phase, unless otherwise directed.

Payout Options You may choose from the following payment options:

Life Income – A guaranteed income for as long as the annuitant lives.

Joint & Survivor Life Income – A guaranteed income for as long as both annuitants live.

Certain Period – A guaranteed income for your chosen time period (5, 10, 15 or 20 years).

Life Income with Certain Period – A guaranteed income for your minimum chosen time period. If the annuitant is still living at the end of that period, payments continue as long as the annuitant lives.

Lump Sum – One lump-sum payment of the annuity fund.

If a payment option is not chosen, we will automatically pay under a 10-year certain and life payment option.

Annuitization An ISA may be converted into an income annuity with The Standard at the annuity date. If your state imposes a premium tax, it will be deducted from your annuitized payments.

Annuity Benefits The contract may not be surrendered once payment of annuity benefits has begun.

ACCESSING FUNDS *Are there ways to access funds without incurring a surrender charge?*

The ISA offers many ways to access funds without incurring a surrender fee. There are no surrender charges associated with the following options, but an IRS early withdrawal penalty may apply to withdrawals before you reach age 59½.

- Annual withdrawals of up to 10% of the annuity fund (inclusive of all other partial withdrawals)[2]
- Nursing home confinement.[2]
- Terminal condition.[2]
- IRS Required Minimum Distributions.
- Out-of-surrender-charge-period withdrawals.

DEATH BENEFITS *What happens if I die?*

The annuity's value is paid to the beneficiary if the owner dies before the annuity date, with a choice of payment options. However, death benefits must begin within one year of the date of death and may not extend beyond the beneficiary's life expectancy. Under federal law, if the beneficiary is the spouse as defined under federal law, that spouse does not need to have death benefits paid; rather, that spouse may continue the contract as though that spouse were the original owner.

ADVANTAGES OF TAX DEFERRAL *How will payouts and withdrawals from my annuity be taxed?*

The annuity fund under the ISA grows tax-deferred. Taxes will be due only when withdrawals or distributions are paid from the annuity. As a result, interest accumulates on the principal, earnings and on money that otherwise would be paid in income taxes (often referred to as triple-compounding). An IRS early withdrawal penalty may also apply to payouts and withdrawals paid before you reach age 59½. A tax-deferred annuity may be exchanged for another tax-deferred annuity without being assessed income tax on the earnings. 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. Please consult your broker or financial advisor.

OTHER INFORMATION *What else do I need to know?*

- You have 30 days to look over the annuity contract. You may return the contract to the agent who sold it or our home office within that 30 days. Any premium paid, including any contract fees or other charges, will be refunded, less any benefits paid, and the contract will be void and considered never in force.
- No additional optional benefit riders are available.
- We pay a commission to the agent, broker or firm for selling you the annuity.

[2] Waiver of surrender charges available after the first contract year.

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OWNER ACKNOWLEDGMENT

I affirm that I am purchasing a Index Select Annuity from Standard Insurance Company. I understand the ISA product features, to the extent summarized in this disclosure. I understand that the contract is intended as a long-term savings vehicle and, as such, may have substantial penalties for early surrenders. I understand and acknowledge that The Standard does not offer legal, financial, tax, investment or estate planning advice. I affirm that I have sought such advice from the proper sources before purchasing this contract. I acknowledge and represent that the purchase of this annuity is suitable given my particular legal, financial, tax, investment, estate planning or other goals or circumstances. I further understand that annuities are not: (a) insured by the FDIC or any federal government agency; (b) deposits of or guaranteed by any bank or credit union; or (c) provisions or conditions of any bank or credit union activity. Some annuities are subject to investment risk and may lose value. I certify that: (a) I have read and understand the ISA product brochure, the application and this disclosure statement; (b) I have retained a copy of all solicitation materials and this disclosure statement used during the course of the sale; and (c) I understand that this disclosure is a summary and not part of the contract.

Owner Name	Annuitant Name If Other Than Owner
Owner Signature	Date
Annuitant Signature If Other Than Owner	Date

BROKER ACKNOWLEDGMENT

I certify that I have read and fully understand the Index Select Annuity Broker Sales Guide and all consumer materials for The Standard's Index Select Annuity. Additionally, I have provided the Owner with the consumer materials used during the course of the sales presentation, the application and the ISA disclosure document. I have informed the Owner of the various features of the ISA and believe the Owner has been reasonably informed of those features. I further certify that I have made no statements, representations or promises about product features or future rate performance that are in any way inconsistent with those materials.

Insurance Broker Name	Standard Insurance Company Identification Number
Insurance Broker Signature	Date

Return the signed original of this disclosure together with the application and leave a copy with the applicant.
Keep a copy for your records.

Print

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