

Is a fixed annuity right for you?

QUESTIONS YOU SHOULD ASK
YOUR FINANCIAL PROFESSIONAL





Not FDIC-insured | May lose value
Not a deposit | No bank guarantee
Not insured by any federal government agency

At Western National, your financial well-being is our priority.

Deciding what to do with your savings might be one of the most challenging financial questions you face today. Financial security is important to you. And the financial decisions you make, particularly now, may help ensure you have the financial freedom to enjoy retirement on your terms. Western National Life Insurance Company is committed to helping you get a step closer to that goal. We offer a wide range of fixed annuity products to help customers find appropriate solutions to meet their financial needs. But we also understand that finding the right retirement solution can be overwhelming.

Here's help. This brochure features some important fixed annuity considerations to help you plan for your future. Read it to uncover key questions you should ask your licensed financial representative about the fixed annuity product you are considering.

We believe the financial decisions you make should be based on knowledge — and a plan you can live with today, and in the years to come.

Leverage the expertise of a licensed financial representative in your area.

Is a fixed annuity the right retirement solution for you?

To answer this question, it helps to understand the benefits and limitations of fixed annuity products. But that's only the first step. A proper match of product benefits to your specific needs must be determined through careful analysis. A licensed financial representative has the expertise and evaluation tools to help determine if a fixed annuity product is a suitable match for you. Your financial objectives, investment time horizon and overall needs will be discussed and will help determine if you can benefit from the advantages fixed annuities offer.

A licensed financial representative is obligated to gather critical information to:

- + Help identify and address your needs. Careful consideration should be given to your age and liquidity needs.
- + Get a clear understanding of your individual circumstance before making a recommendation.
- + Appropriately present a recommendation that is suitable.
- + Ensure the fixed annuity product benefits match your needs before you purchase an annuity.



Who is the typical fixed annuity customer?

Every customer is unique as to their individual needs and circumstances. Fixed annuities may be a suitable choice for customers who:

- + Want an income they will not outlive.
- + Have long-term financial goals.
- + Contribute the maximum to their 401(k) or other qualified retirement accounts and are seeking other tax-deferral options.
- + Want a safe financial product that offers safety of principal and a guaranteed minimum renewal rate.
- + Have sufficient income to pay for their living expenses and want to defer a certain portion for estate-planning purposes.
- + Own a diversified portfolio with sufficient access to cash and want to lock in extra income.



How do fixed annuities work?

Fixed annuities are a type of retirement income solution that can help customers create a guaranteed income stream for life (through annuitization), one that may rise with the cost of living. Technically, a fixed annuity is a contract with an insurance company. It can provide you with fixed payments in return for your premium. The premiums you pay represent the value of your annuity contract, minus any applicable charges, plus interest credited. The insurance company uses the value to figure the amount of most of the benefits you can choose to receive from your annuity contract.

Typically, when you become a policyowner:

- + Your annuity will provide payments if you choose to annuitize. The payments may continue for your lifetime or for an agreed-upon term of years.
- + During the build-up phase, the time when you contribute money, the interest in your annuity will compound on a tax-deferred basis.*
- + The insurance company guarantees that your annuity will not earn less than a minimum guaranteed renewal rate.
- + You decide when you will begin receiving annuity payments and which payment option best suits you. During the payout phase, which is the time when you start receiving income, the amount of each income payment is generally set when the payments start and will not change. If you decide to annuitize your contract (that is, take the money in the form of regularly scheduled payments), you can choose an option that provides guaranteed lifetime income. You can even leave your annuity to a beneficiary.

It bears noting that while all fixed annuity products have some common features, products vary. Some fixed annuities may have more market exposure, carry more risk and have fewer guaranteed provisions than others. Insurance companies also offer different guaranteed interest rates.

*Withdrawals prior to age 59½ are subject to a 10% federal tax penalty.



Standard advantages and disadvantages

Benefits such as safety of principal and tax deferral are just a few of the reasons fixed annuities appeal to customers who are concerned with having greater control over their finances.

As with all financial products, it is in your best interest to get a clear understanding about the advantages and disadvantages of the product you are considering.

Fixed annuity products:

- + Provide greater security than variable annuities, mutual funds or stocks, all of which offer a greater potential return, but may carry more risk.
- + Generally offer a competitive yield and a minimum guaranteed renewal rate.
- + Are intended to achieve long-term rather than short-term investment goals.
- + Provide tax-deferred growth. Unlike investments in a taxable account, the policyowner will not have to pay current taxes on any interest or earnings until money is withdrawn. Money that otherwise would have gone toward federal income taxes stays in the account, earning interest. Over time, the money compounds at a faster rate than it would in a taxable account.
- + Trigger withdrawal penalties for early withdrawals, depending on the contract; and a 10% federal tax penalty on withdrawals taken prior to age 59½.
- + Are guaranteed by the strength of the insurance company, including the safety of legal reserve requirements. Fixed annuities are not federally insured.

When considering a fixed annuity, also think about:

- + How much retirement income you will need in addition to what you will get from Social Security and pension payments.
- + Whether or not you will need additional income only for yourself or for yourself and a spouse or dependent.
- + How long you can afford to leave your money in the annuity. Bear in mind that the entire principal may not be readily available if a sudden need arises.
- + When you will need income payments.

Although it is difficult to predict the future, it is well worth your time to give careful consideration to the points above. Unexpected changes in your life can throw your original plan off track. Take time to think about how certain situations might affect your future needs — and then plan appropriately.



Key questions you should ask your financial representative

To get the information you need to help make a smart financial decision, ask your financial representative these important questions:

- + What initial interest rate does the annuity offer and how long is the rate guaranteed?
- + Does the initial rate include a bonus rate and if so, how much is the bonus and how long is it paid?
- + What is the guaranteed minimum interest rate?
- + What renewal rate is the company crediting on annuity contracts of the same type that were issued last year?
- + If you want to end the contract and take out all of your money, will you have to pay withdrawal charges or a termination (surrender) charge? If so, how much are the charges?
- + If needed, will you be able to get a partial withdrawal without paying surrender or other charges or losing interest?



- + Will the annuity waive withdrawal charges for reasons such as death, confinement in a nursing home or terminal illness?
- + Is there a market value adjustment provision in the annuity?
- + What other charges, if any, may be deducted from the premium or contract value?
- + Is there a death benefit? If so, how is it set and can it be changed?
- + What income payment options can you select? And once you select a payment option, can you change it?

Why is it important to consider your need for cash?

Bear in mind that fixed annuity products differ. Some offer fewer guaranteed provisions than others, which might make them less appropriate for you. It is worthwhile to carefully review the features of the specific fixed annuity you are considering, particularly the option to withdraw money. For example, does the annuity permit access to funds without penalty, to pay for expenses in case of an emergency or under certain circumstances? Taking money out of the annuity before the payout phase may mean you must pay penalties, depending on the contract, and/or taxes. Know your options to help ensure you make smart financial decisions.

Ask yourself if an unexpected situation would trigger a greater need for income. Are there circumstances under which you might need to take all of the money out of the annuity? Would you need access to a portion of the money to pay for unexpected expenses? Individuals in or nearing retirement in particular, should pay close attention to these considerations.



Can I exchange one annuity for another?

At some point, you may consider exchanging one annuity for another. While you may be able to make the exchange, seek the guidance of your licensed financial representative. The exchange option might appear as a substantial benefit, but depending on your circumstance, it may not benefit you.

Your licensed financial representative can help you re-examine your current annuity and overall needs. Use the information to help make a sound decision.



Why choose Western National products?

Western National is a well-established and well-respected industry leader that can offer customers security, reliability and guaranteed financial growth and stability. Our products conform to the highest standards of the industry. A commitment to full disclosure and fair business practices ensure Western National remains a leader in the fixed annuity market.

Because fixed annuity products vary, view the Western National fixed annuity features and benefits to understand your options and how each might help meet your needs.

Features*	Benefits* Western National policyowners can ...
Return-of-premium guarantee	Ask for and receive 100% of the premium back — at any time — less any withdrawals already taken
Guaranteed growth	Have the assurance that you will never receive less than the stated minimum interest return
Tax deferral	Take advantage of the fact that earnings on taxes are deferred until withdrawn
An income you cannot outlive	Upon annuitization, elect to receive regular, scheduled income for life when the annuity reaches the payout period
Easy emergency access to funds – free withdrawal amounts	After 30 days from the policy date, withdraw up to 15% of the annuity value each year without penalty. If the 15% is not taken in a year, up to 20% can be withdrawn penalty-free the next policy year.
Withdrawal charges — withdrawal charge schedules are typically five or seven years	Rest assured that the annuity withdrawal charge schedule will not exceed seven years from the policy date or the date of each premium payment depending on the product selected
Activities of daily living waiver**	Withdraw the contract value without penalty if you cannot perform two or more of six defined activities of daily living
Terminal Illness withdrawal charge waivers**	Use the withdrawal charge waiver if diagnosed with a terminal illness that will result in death within one year
Extended care waiver**— no age restriction	Withdraw the contract value without penalty if confined to a qualifying institution or extended care facility for 90 consecutive days or longer
Estate planning — avoid a lengthy probate process	Designate a beneficiary of choice

* Provisions may vary depending on the product and not all provisions apply to all products.

** Not available in some states or on all policies and provisions may vary from state to state.



Make financial decisions you can live with now and in the future.

In determining if a fixed annuity is the right product for you, speak frankly with your financial representative about your financial situation and your retirement goals. Fixed annuities offer a retirement income solution to suitable customers, but as with all financial products, there are certain risks to consider. An open discussion about your finances and goals will help you and your licensed financial representative decide if fixed annuities are a suitable fit for your portfolio.

We encourage you to ask your financial representative as many questions as you like to ensure you understand the specific terms of the contract you are considering. For more information on fixed annuities, ask for a buyer's guide to annuities.

Safe choice

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solutions to work
for you

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at 1-888-237-4210

Western National Life Insurance Company was one of the first insurance companies to develop fixed annuity products specifically for sale through banks. We are a leading provider of fixed annuities in this market, and have maintained our position by offering innovative products and valued services to help Americans achieve their financial goals.

Our products can help you live retirement on your terms.

Tax-qualified contracts such as IRAs, 401(k)s, etc., are tax deferred regardless of whether or not they are funded with an annuity. If you are considering funding a tax-qualified retirement plan with an annuity, you should know that an annuity does not provide any additional tax-deferred treatment of earnings beyond the treatment by the tax-qualified retirement plan itself. However, annuities do provide other features and benefits such as income options.

Neither Western National Life Insurance Company nor its agents or representatives are authorized to give legal, tax or accounting advice. Please consult your attorney, accountant or tax advisor.



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