



## **SINGLE PREMIUM IMMEDIATE ANNUITY (SPIA)**

**Training Module v. 02/2012**

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### **1. Premiums**

Minimum Premium: \$10,000

Maximum Premium: \$500,000

Home Office approval required for premiums outside these limits

### **2. Issue Ages (Based on Age at Last Birthday)**

Annuitant (Qualified and Non-Qualified): 0-90

Policyowner: 18+

### **3. Qualified Plans**

Qualified Plans will be accepted as IRA rollovers, IRA Transfers and transfers out of Qualified Plans [i.e. HR-10, 401(k), TSA] into an IRA, except when using a "Qualified SPIA" instead of "Qualified IRA."

Owner, Annuitant, and Payee must be the same person for an IRA.

#### **4. Interest Rate Lock**

This product qualifies for the 30 Day Interest Rate Lock for transfers.

#### **5. Payment Method**

Income payments will be automatically deposited into the Payee's bank account by Electronic Funds Transfer (EFT).

#### **6. Effective Dates**

The contract will be effective on the date the single premium is received at BLIC. If funds are coming from more than one source the contract will be effective when the last money is received.

The first payment is made one period after the effective date of the contract.

#### **7. Benefit Options**

The standard income options available are:

- Life Income
- Life Income with Period Certain of 5, 7, 10, 15, or 20 years
- Income for a Fixed Period from 5 to 20 years
- Payments of a Fixed Amount

Income payments will be made monthly, quarterly, semi-annually or annually.

The benefit option cannot be changed once payments begin, except for a commuted lump sum.

Qualified Plans - When selecting an option with a period certain, the guaranteed period cannot, by IRS regulation, exceed the Annuitant's life expectancy or the joint life expectancy of the Annuitant and their named Beneficiary. Both are determined using IRS life expectancy tables.

Annuitant Over Age 75 - If a Life Income option is chosen it must include a period certain at least long enough to guarantee return of the single premium paid. For example, a Male age 78 can request a life option as long as it includes a period certain of at least 10 years. Life Only benefit option is not available over age 75.

## 8. Benefit Options Defined

- **Life Income** provides income in equal payments for as long as the Annuitant is living. Upon death of the Annuitant, all income payments stop.
- **Life Income with Period Certain** provides income in equal payments for as long as the Annuitant is living. If the Annuitant dies before the certain period has ended, income payments will continue to the Beneficiary for the remainder of the certain period originally selected. The Beneficiary may elect to commute the remaining payments into a lump sum.
- **Income for a Fixed Period** provides income in equal payments for a specified period of time selected at issue. If the Annuitant dies before the fixed period has ended, payments will continue to the Beneficiary for the remainder of the fixed period. The Beneficiary may elect to commute the remaining payments into a lump sum.
- **Payments of a Fixed Amount** pays in amount selected by Policyowner. We will take the total premium invested plus the interest earned to determine the number of payments the payee will receive. If the Annuitant dies before the scheduled payment period has ended, payments will continue to the Beneficiary for the remainder of the scheduled payment period. The Beneficiary may elect to commute the remaining payments into a lump sum.

## 9. Payee

Income payments are generally made to the Annuitant or the Owner.

A third party Payee may be named to receive payments but the payment amounts and continuation of payments are based on the Annuitant's life.

At the Annuitant's death any remaining guaranteed payments would go to the Annuitant's Beneficiary. The Beneficiary may elect to commute the remaining payments into a lump sum.

## 10. Free Look Period

The contract can be returned for a refund of the premium paid within 10 days after the contract is delivered and the Acknowledgement of Delivery signed. Any annuity payments made prior to the premium refund will be deducted from the amount of the refund.

## **11. Surrender Value**

The contract has no surrender value.

## **12. Proof of Survivorship**

BLIC may from time to time require proof that the Annuitant is still living to continue life-contingent payments.

## **13. Tax Reporting**

Income payments are part taxable income to the Payee and part return of principal.

The part of each payment that is a return of after-tax principal is determined by use of an exclusion ratio. The entire payment from qualified plans will generally be taxable income.

IRS Form 1099R will be issued each January to report the taxable portion of payments made during the previous calendar year.

- The exclusion ratio is calculated at issue to determine that portion of each payment considered return of principal and not subject to taxation. If a Life Income Option is chosen, the exclusion ratio applies until the after tax principal investment has been recovered. After that the full amount of each payment is reported as taxable income.
- IRS Regulations require the Payees to provide their Social Security number, and indicate if they are subject to backup withholding.
- In order to avoid the possibility of under withholding, IRS Regulations require taxes to be withheld from each payment to apply toward the anticipated Federal Income Tax obligation, unless the Payee elects otherwise.

## **14. Application Submission**

### **a. Cash With App or IRA Rollover**

Application for Annuity must be submitted with the following:

- Single Premium of at least \$10,000
- Authorization for Direct Deposit of Annuity Payments
- Proof of Age (if Life Income Option) - Acceptable proofs of age include a copy of a birth certificate, driver's license or passport
- Fully completed, signed and dated application

- Fully completed Suitability Questionnaire and FL Over age 65 Suitability Questionnaire (if applicable)

#### **b. 1035 Exchange/IRA or Qualified Plan Transfer**

Application for Annuity must be submitted with the following:

- Appropriate Exchange or Transfer form.
- Authorization for Direct Deposit of Annuity Payments.
- State Replacement Form(s) - If applicable.
- Prior Contract or Account Statement
- Proof of Age (if Life Income Option) - Acceptable proofs of age include a copy of a birth certificate, driver's license or passport.
- Fully completed, signed and dated application.
- Fully completed Suitability Questionnaire and FL Over age 65 Suitability Questionnaire (if applicable)

#### **c. Non-Qualified or Qualified Transfer**

Application for Annuity must be submitted with the following:

- Appropriate Transfer Form.
- Authorization for Direct Deposit of Annuity Payments.
- Prior Contract, Original CD, or Account Statement
- Proof of Age (if Life Income Option) - Acceptable proofs of age include a copy of a birth certificate, driver's license or passport.
- Fully completed, signed and dated application.
- Fully completed Suitability Questionnaire and FL Over age 65 Suitability Questionnaire (if applicable)

**This concludes the Single Premium Immediate Annuity (SPIA)**

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