

# Palladium<sup>®</sup>

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Single Premium Immediate Annuity  
With  
Cost Of Living Adjustment

*Income For Now...  
Guaranteed Income For Life!*



A Single Premium Immediate Annuity Issued By



# Income for Your Needs – Now and in the Future

Many individuals retiring today will not be able to enjoy the pension income their parents were provided. Today, individuals are responsible for managing their own money and providing their own cash flow to supplement their social security income. One of the best ways to provide cash flow to meet re-occurring expenses is an immediate annuity. With individuals living longer than ever, an immediate annuity can provide cash flow that cannot be outlived. An immediate annuity can be created from IRA funds or personal funds depending on where the best source of funds resides.

In addition to the peace of mind you may gain knowing that you'll never outlive the income of a lifetime payout, you also won't have to worry about managing the premium money that was applied to purchase the immediate annuity. You have the security of knowing that the insurer guarantees income payments and your income payout is not subject to the fluctuation of future financial markets.

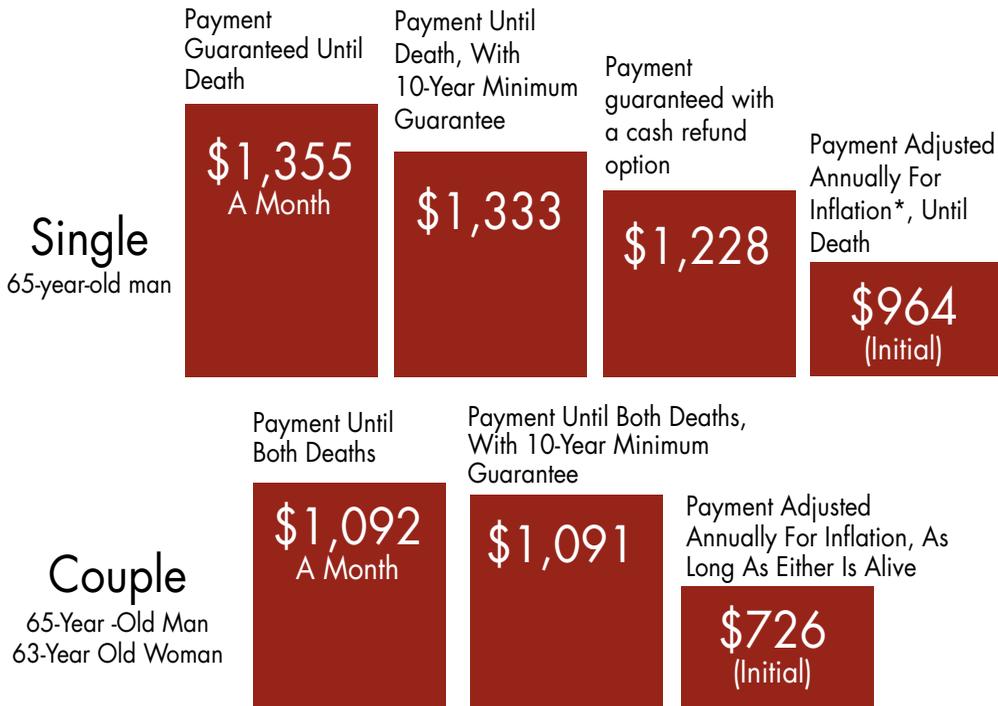
## Choosing Your Income

Your single premium immediate annuity will provide a guaranteed income based on a number of choices you make: the amount of the premium you pay, how long and how often you choose to receive the income, additional options available in the annuity, such as a cost of living adjustment, and the rate that is in effect at the time you purchase the annuity.

You could choose to purchase an immediate annuity as a way to receive regularly scheduled income payments from a retirement package, investment proceeds, court-awarded benefits, or other lump-sum funds. You also choose how often you want to receive

### Hypothetical Example: What a \$250,000 Immediate Annuity Pays

The amount you can expect to receive each month will depend on prevailing interest rates and the options you choose.



Note: Figures are as of 5/1/15 Source: ANICO's SPIA Express

\*Inflation assumed: 3% simple

This is a hypothetical example for illustrative purposes only. Changing any of the assumptions, premiums, inflation, interest, age, etc. could significantly alter the results.

income payments, whether monthly, quarterly, semiannually or annually, and whether you want to receive them for a specific period of time or for life. You can also choose to share the income payments with a spouse, or perhaps provide income payments to a spouse after you die. There are many income options—the choice is yours.

## Tax Advantaged Income

Spreading taxable income over a number of years through an immediate annuity may also help you manage your tax liability.<sup>1</sup> If you purchase an annuity with non-qualified funds, meaning that no part of the funds have enjoyed any tax deferred status and on which you have already paid taxes, a part of the income you would receive from the immediate annuity would be excluded from taxation since it is considered a return of your previously taxed funds.

<sup>1</sup>Neither American National Insurance Company nor its agents give tax advice. Clients should contact their attorney or tax advisor on their specific situation.

## Income for Your Special Needs

You may choose a single premium immediate annuity to provide for a particular need, such as providing long-term care coverage or special education needs for a family member. You may want to direct the income payments to pay insurance premiums, insuring that valuable coverage will be available when it is most needed. You could even use the income to fund a gift to a favorite charity or organization.

## Cost Of Living Adjustment (COLA)

You may want to add a Cost of Living Adjustment to the income payment option you choose.<sup>2</sup> There are two types of Cost of Living Adjustments—Simple and Compound.

<sup>2</sup>The Cost of Living Adjustment is not available on the Life with Cash Refund or Life with Installment Refund income options.

## Income Options

### Period Certain

You would choose this option if you wanted to receive income payments for a specific number of years, ranging from 5 to 30 years. If you should die before you receive income for the full period you selected, income payments would continue to be paid to your beneficiary for the remainder of the period. However, your beneficiary may elect, in lieu of continuing to receive income payments, a lump sum death benefit. The lump sum death benefit would be equal to the commuted value of the remaining income payments.



# Single Life Options

## Life Only Income

This income option guarantees that you will receive income for your life. No minimum number of years is guaranteed. The income payments cease upon your death.

## Life with a Period Certain

This option gives you a guaranteed income for your life, with a further guarantee that you will receive the income for at least a certain number of years that you choose, ranging from 5 to 20 years. If you die before the end of the guarantee period you have chosen, the guaranteed income would be paid to the beneficiary of your choice for the number of years remaining in the guarantee period, or the beneficiary can elect to receive the commuted value.

# Joint Life Options

## Joint and Last Survivor

This income option would provide guaranteed income while both annuitants are alive, but upon either annuitant's death, the survivor would continue to receive a portion of those income payments in the percentage you've chosen, such as 50%, 60%, 66.67%, 75%, or even 100%, for the remainder of their life.

## Joint and Last Survivor with Period Certain

This is similar to Joint and Last Survivor except you also choose a period between 5-20 years as the guarantee period (period certain) for the income payments to be made to either survivor. Upon the death of either annuitant and after the guarantee period, the income payment would then continue to the surviving annuitant for the specific percentage you chose. Payments would cease upon the death of the surviving annuitant if the guarantee period has expired.

## Joint and Spouse Annuity

With this income option, you would receive a guaranteed income during your life, but upon your death, your spouse would then receive guaranteed income payments for the specific percentage you chose at the time your annuity was issued. You could choose 50%, 60%, 66.67%, 75%, or 100% of your income payment to be paid to your spouse upon your death. Income payments would cease upon the death of your spouse.

## Joint and Spouse with Period Certain

This is similar to the Joint and Spouse option except that you would choose a guarantee period (period certain) between 5-20 years as the time you wish income payments to be made to you or your spouse. Upon your death, and after the guarantee period, the income payments, in the specific percentage you chose, would be paid to your spouse. Payments would cease upon the death of your spouse if the guarantee period has expired.

Remember, you can choose to add the Cost of Living Adjustment to any of the above income options.

# Refund Options

## Installment Refund

Under this option, guaranteed income would be paid during your lifetime, but if you should die before the income paid to you equals the initial premium you paid, income payments would continue to your beneficiary until the amount of the income payments equals the initial premium paid.

## Cash Refund

This option is similar to the Installment Refund option, except that if you should die before the income paid to you equals the initial premium you paid, the balance would be paid to your beneficiary in a lump sum.

The Cost of Living Adjustment (COLA) is not available with either of the above Refund income options.

# Unexpected Changes

Although you may purchase the Palladium® Single Premium Immediate Annuity for the security of receiving guaranteed income payments, you may find after a period of time that you need a lump sum instead of regular income payments. If this unexpected cash need arises, the Palladium® Single Premium Immediate Annuity has two options that may help:

## Partial Withdrawal

If you need only a portion of your annuity funds, you may request a partial withdrawal after your annuity has been in force for three full contract years. This partial withdrawal is available on all options. You can request the partial withdrawal, beginning your fourth contract year, with up to 10% of the commuted value of the income payments remaining in the annuity without underwriting. You must withdraw at least \$2,000 and a commutation charge will be assessed on the commuted value withdrawn. Partial withdrawal or full surrender may not be available in all states.

If you request more than 10% of the commuted value of your annuity, underwriting may be required at the time the withdrawal is requested. This may affect our calculation of the commuted value.

After you withdraw the funds, your future income payments will be adjusted based on your age at the time of the withdrawal. You will have to surrender your old annuity contract, and American National will issue a new contract with a new income payment schedule. **Partial withdrawal is not available in MN, NE, NJ, OR, and WA.**

## Full Surrender

If you require a large sum, you may need to consider a full surrender of the remaining balance in your annuity. This option is available to you after your annuity has been in force for three full contract years. As with a partial withdrawal, a commutation charge will be assessed on the commuted value of your contract, and if your annuity has a Life option, underwriting may be required at the time you request surrender. This may affect our calculation of the commuted value. **Full surrender is not available in MN, NE, NJ, OR, and WA.**

## Commuted Value

The commuted value of your annuity contract is calculated using a commutation interest rate plus 0.5% to discount the future benefits. Remaining life expectancy and period certain is also considered if underwriting is required at the time the partial withdrawal or full surrender is requested. A commutation charge is then assessed on the commuted value withdrawn. Commutation is not available in all states.

## Commutation Charge

If you request either a partial withdrawal or full surrender of your annuity, a commutation charge will be assessed as follows:

Year:	1	2	3	4	5	6	7	8	9	10	11 +
	-	-	-	10%	9%	7%	5%	4%	3%	2%	0%

Partial withdrawal or full surrender is not allowed in the first three contract years.

Before considering either a partial withdrawal or full surrender of your contract, you may wish to consider other sources for needed funds because of the charges associated with these options, the decrease or loss of future income, and the negative effect on the possible death benefit payable on period certain income options.



# The Palladium®

## Single Premium Immediate Annuity

### Plan Overview\*

- **Issue Ages:** – 0-90 (Period Certain Only)  
– 5-90 (Life-contingent Income Options)
- **Minimum Single Premium:** – \$15,000 (Non Qualified Funds)  
– \$3,500 (Qualified Funds)
- **Maximum Single Premium:** – \$1,000,000 (Period Certain Only)  
– \$2,000,000 (Life-Contingent Income Options)  
Without prior approval from American National
- **Income Payment Frequency:** – Annual, Semiannual, Quarterly, and Monthly
- **Income Payment Options:**
  - Life Only
  - Period Certain from 5 – 30 years
  - Life with a Period Certain from 5 – 20 Years
  - Joint & Last Survivor with 50%, 60%, 66.67%, 75%, or 100% paid to the survivor, with or without a period certain period of 5 – 20 years
  - Joint & Spouse with 50%, 60%, 66.67%, 75%, or 100% paid to the spouse with or without a period certain of 5 – 20 years
  - Installment Refund
  - Cash Refund
- **Cost of Living Adjustment** – Available for either Simple or Compound annual interest adjustments of 1 – 5% on all income options except Installment Refund and Cash Refund.
- **Death Benefit:** – Available on most options. Allows income payments to continue under the terms of the contract or the receipt of a Commuted Value.
- **Partial Withdrawals:** – Available after 3 full contract years, for up to 10% of commuted value without underwriting, on all life-contingent options. Minimum withdrawal amount is \$2,000.
- **Full Surrender:** – Allowed on all income options after 3 full contract years. Underwriting may be required on life-contingent options.

\*The Plan Overview is a brief summary of the Palladium Single Premium Immediate Annuity. For additional details, see the remainder of the brochure, or see the contract for complete details.

Partial withdrawals and full surrender options and commuted value is not available in MN, NE, NJ, OR, and WA. The interest rate used to determine the death benefit's commuted value will vary by state. A commutation will also be assessed on partial withdrawals and full surrenders of a commuted value.

The purchase of an immediate annuity is permanent other than the conditions mentioned for partial or full surrender options and commuted value. The annuity owner will no longer have access to the premium, which converts into a stream of income payments. The terms of the annuity, such as the choice of income payment option, payment amounts and timing, and the rates of return cannot be changed.

This brochure has been prepared for persons considering the purchase of The Palladium® Single Premium Immediate Annuity issued American National Insurance Company of Galveston, Texas. This contract has limitations. The brochure is intended to give basic information about the product. You should also read and understand the disclosure before completing your purchase. For specific provisions, refer to Contract Form Series: NSPA (Forms may vary by state).

American National Insurance Company, Galveston, Texas.

