



# *IncomeSustainer Plus* Training Guide

a guaranteed withdrawal and death benefit rider from Great American Life Insurance Company®,  
a subsidiary of Great American Financial Resources®, Inc.

# IncomeSustainer Plus Training Guide

*By now, you know the basic details of the IncomeSustainer® Plus rider from Great American Life®. Let's take a closer look at some of the mechanics that make the IncomeSustainer Plus work.*

## Rollup details: How your clients' benefits grow

- ★ Only purchase payments received in the first contract year up to the maximum amount listed on the contract specification page will be used in the rollup credit calculation—\$750,000 for applicants age 79 or younger (per one life) and \$500,000 for those applicants between the ages of 80 and 85. This amount is called the **rollup base**.
- ★ Any withdrawal above the free withdrawal amount (or required minimum distribution on a qualified contract) will reduce the rollup base to the account value at that time if the account value is less than the rollup base.

- ★ A withdrawal above the free withdrawal amount will also stop rollup credits, which will not start again until a reset.
- ★ The benefit base amount can not be increased to more than 250% of the rollup base due to a rollup credit.

To illustrate, suppose the IncomeSustainer Plus is added to a base contract with an initial purchase payment of \$100,000. The owner takes a 5% withdrawal, a 10% free withdrawal and then a 15% withdrawal in the middle of the third, fifth and seventh contract years respectively. Assuming a 5% daily credited rate, here is the impact of these actions to the rider's values:

EOY	Account value	Rollup base	Rollup amount	Benefit base amount*	Rider charge	Mid-year withdrawal
1	\$103,850.00	\$100,000.00	<b>\$10,000.00</b>	\$110,000.00	\$1,150.00	–
2	\$107,777.50	\$100,000.00	\$10,000.00	\$120,000.00	\$1,265.00	–
3	\$106,331.76	\$100,000.00	<b>\$4,611.13</b>	<b>\$118,755.72</b>	\$1,312.66	<b>\$5,388.88</b>
<i>Because the client took a 5% withdrawal in the third year, it is subtracted from the rollup amount. Withdrawals reduce the BBA in proportion to the account value reduction. Because it is within the free withdrawal allowance, the rollup base is not affected.</i>						
4	\$110,167.66	\$100,000.00	\$10,000.00	\$128,755.72	\$1,480.69	–
5	\$102,906.52	\$100,000.00	–	<b>\$116,190.45</b>	\$1,480.69	<b>\$11,016.77</b>
<i>In the middle of the fifth year, the client took a 10% free withdrawal. Again, withdrawals reduce the BBA in proportion to the account value reduction, but the free withdrawal amount does not reduce the rollup base.</i>						
6	\$106,715.66	\$100,000.00	\$10,000.00	\$126,190.45	\$1,336.19	–
7	\$94,410.03	\$93,343.66	–	<b>\$107,718.06</b>	\$1,238.76	<b>\$16,007.35</b>
<i>A 15% withdrawal was taken in the middle of the seventh year. Because this is more than the free withdrawal allowance and the required minimum distribution and reduces the account value below the eligible premiums, the rollup base is reduced.</i>						
8	\$97,891.78	<b>\$93,343.66</b>	–	\$107,718.06	\$1,238.76	–

*Upon reset, a new rollup period may begin. The rollup amount would be 10% of \$93,344.*

*\*Other carriers may refer to this as the income account value.*

## How living and enhanced death benefits work together

This rider offers protection for both your clients and their loved ones through two distinct benefits.

- ★ The living benefit is determined by the **benefit base amount (BBA)**.
- ★ The **death benefit base amount (DBBA)** is used to derive the death benefit.

After the five-year waiting period, but before your client chooses to start taking income payments, the DBBA will equal the BBA. Income payments will not reduce the BBA but will proportionately reduce the DBBA. This means an enhanced death benefit will be payable as long as the annuity's account value is positive.

If the beneficiary takes the enhanced death benefit as one lump sum payment, the enhanced death benefit is the average of the account value and the DBBA. If the beneficiary annuitizes the enhanced death benefit for at least five years, the enhanced death benefit is equal to the DBBA.

Let's look at an example. Suppose a 59-year old buys the IncomeSustainer Plus and the base annuity with a single purchase payment of \$100,000. The base annuity earns 3% growth per year and no withdrawals are taken.

EOY	Account value	BBA	DBBA
10	\$116,764.54	\$200,000	\$200,000

In the 11<sup>th</sup> year, the owner elects to begin taking income payments. His single life, living benefit is \$12,000 (6% of \$200,000), which he takes as a single payment mid-year.

EOY	Account value	BBA	DBBA
11	\$105,788.80	\$200,000	\$179,747

If the owner then dies at the beginning of the 12<sup>th</sup> year, the beneficiaries have the option of receiving one payment of \$142,768 or (the average of the enhanced death benefit and the DBBA) annual payments of \$36,668 for the next five years.

## Is the successor owner still an option at death?

Yes! Here's a quick example of what would happen.

*Note that the enhanced death benefit waiting period is five years in all scenarios.*

	Insured dies <i>before</i> living (or income) benefit start date		Insured dies <i>after</i> living (or income) benefit start date	
	<i>before</i> completing enhanced death benefit waiting period	<i>after</i> completing enhanced death benefit waiting period	<i>before</i> completing enhanced death benefit waiting period	<i>after</i> completing enhanced death benefit waiting period
No successor owner	Rider terminates, and only contract death benefit is payable.	Enhanced death benefit is payable. Enhanced death benefit will be reduced if living benefit payments have started.	Rider terminates, and only contract death benefit is payable.	Enhanced death benefit is payable. Enhanced death benefit will be reduced if living benefit payments have started.
Successor owner	Rider continues, and successor owner becomes "Insured" for purposes of both living benefits and enhanced death benefit.	Rider continues, and successor owner becomes "Insured" for purposes of both living benefits and enhanced death benefit.	If single lifetime benefit in effect, rider terminates. If joint lifetime benefit in effect, living benefits under rider continue, but no enhanced death benefit will be paid on later death of successor owner.	If single lifetime benefit in effect, rider terminates If joint lifetime benefit in effect, living benefits under rider continue, and enhanced death benefit will be paid on later death of successor owner. Enhanced death benefit will be reduced on account of living benefit payments.

## Common questions and answers

### *If the beneficiary takes the payout on the death benefit, is there interest paid on the money?*

Interest is paid on a lump sum death benefit when required under the rules of your state. Death benefit annuitization payments are calculated to include interest at the rate set out in the base contract.

### *How long can the BBA/DBBA roll up?*

A rollup period ends on the earliest of:

- ★ 10 years,
- ★ the date a withdrawal is taken that exceeds the free withdrawal allowance (or required minimum distribution, if larger),
- ★ the date of death for which a death benefit is payable, or
- ★ the living benefits start date.

### *When does a rollup period begin?*

A rollup period begins on the issue date or on a reset date.

### *How is the rollup credit calculated?*

The rollup base consists of all purchase payments including any associated purchase payment bonuses, if any, received during the first contract year up to \$750,000. However, if your client takes a withdrawal that is more than the annuity's free withdrawal allowance or required minimum distribution, then the rollup base amount for any future rollups will be reduced to the account value of the annuity immediately after the withdrawal, if lower.

### *Is there a maximum that the BBA/DBBA can reach?*

No. Rollup credits may only increase the BBA/DBBA to a maximum of 250% of the rollup base but the client may continue to reset their BBA/DBBA until living benefits are elected.

### *If the client dies during the first five years of the contract and living benefits have not yet been elected, will the rider charges be refunded to the beneficiaries?*

No. The beneficiaries would only receive the account value if the client dies during the five-year death benefit waiting period.

## Notes

*The IncomeSustainer Plus rider issued by Great American Life Insurance Company® (R6032810NW) is an optional rider for which there is an annual charge. Contract and rider form numbers may vary by state. Products and features may vary by state, and may not be available in all states. Taxable amounts withdrawn prior to age 59½ may be subject to a penalty tax in addition to ordinary income tax.*

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