PLAN FOR LIFE

With Signature Term Life Insurance

Out of the different types of life insurance, term life insurance has the lowest cost. This is designed to provide coverage for a temporary need and is likely to expire before the person being insured reaches their life expectancy.

Term life insurance can meet a wide variety of needs for you, your family, and your business.

A solution for a variety of temporary needs.

Term insurance insures a temporary need that is expected to go away by the end of the coverage period. Though temporary, in the unfortunate event that coverage is needed, term insurance can make all the difference in your family's future. Without protection in place when a wage earner dies, the surviving family might have to choose between survival and the life they had planned.

Level Premium Term Insurance

When the need for protection is at least 10 years, a level-premium term life policy may be the right fit. Level premium means your premiums will remain the same, or level, for a set number of years.

Signature Term offers level premium term periods of 10, 15, 20, and 30 years. If your insurance needs change at any time during the level term period, you can convert the policy to a permanent policy.

Annual Renewable Term Insurance

An Annual Renewable Term (ART) may suit your financial situation if you are uncertain about how much coverage you need. Should you need coverage for less than 10 years but greater than five, ARTs can provide a plan that is temporary at a lower cost. An ART policy is a one-year policy that automatically renews at the end of each year. The premiums are guaranteed for the first 10 years; however, the premium does increase each year due to age, but don't worry, the premiums over the 10-year period are designed to be equal to the premiums you would have paid for a 10-year level premium term policy. If your needs change, you may choose to terminate the policy or convert an ART to a longer term or permanent policy.

What happens if a temporary need becomes a long-term or permanent need?

Convert to a Permanent Policy

If you find there is a need for permanent protection or a desire to build cash value, the term policy may be converted to any individual, permanent life insurance policy currently offered by American National.

- Conversion options expire at the end of the level premium term, or on the policy anniversary following the insured's attained age of 65
- Conversion periods will never be less than five years
- May be eligible for a conversion credit towards the new policy

Convert an ART Policy to Another Term Policy

If you find that you need term insurance for longer than the 10-year guaranteed insurability period, you may be able to convert the ART policy to a level premium term policy.

- Limited to a Signature Term 20 or 30-year level premium policy
- Only available in the first three policy years
- Not eligible for conversion credits
- Partial ART to level term conversion permitted
- Remainder of ART cannot stay in force and will be terminated

Conversion Credits

American National will provide a premium conversion credit towards the new permanent policy equal to 100% of the annual premium on a Signature Term policy for conversions that occur during the second through fifth year.

- Conversions in first policy year receive prorated premium credit
- Conversion credits only available on conversions to permanent products

Living Benefits with Accelerated Benefit Riders

Even though term insurance is designed to meet a temporary need, life is not always predictable. American National understands the importance of financial protection in the face of unexpected, life-altering illness, and as a result, Accelerated Benefit Riders (ABRs) are offered on Signature Term policies for no additional premium.[1] If you are diagnosed with a qualifying Critical, Chronic, or Terminal Illness that significantly decreases your life expectancy, you may be able to accelerate all or part of your policy's death benefit.

This unrestricted cash benefit is paid in place of all or part of your policy's death benefit and can be used however you see fit.

College Education Funding

The cost of a college education has gone up to the point that it is difficult to afford. College loans can follow the graduate for the remainder of their lives due to interest and long payback terms.

Here's how you prepare for rising costs.

Funding with Life Insurance

An advantage of life insurance not enjoyed by any other funding vehicle is that the plan is self-completing if anything happens to the insured who is funding the policy. If the insured dies, the death benefit can fully-fund the college education.

Just as individuals buy car insurance to protect against accidents, individuals with future obligations need life insurance coverage in the event they die prematurely or become permanently disabled and are unable to work. If an individual has children to educate among their obligations, having insurance in place to cover this temporary need is necessary. The most cost-effective way to pay for such protection is through a term policy. A family with small children could purchase a 20-year Signature Term Life Insurance policy to ensure that the children have the money to go to college. It is important that families have protection in place, whether it protects against damage to property or the loss of a wage earner.

Funding with 529 Plans

529 plans are commonly used to fund college education and, if the money is used for qualified education purposes, it can grow tax-free and be removed from the plan tax-free. However, there are some drawbacks that should be noted:

- Money not used for qualified college education costs becomes taxable and subject to penalties when withdrawn
- Money conservatively invested for lower growth and safety still remains subject to market downturns
- Plan is not self-completing if person funding the 529 dies
- Five-year funding limit to annual gifts
- 529 plans only for college funding

Divorce Planning with Life Insurance

When a couple marries, they are not contemplating that someday they may be involved in divorce discussions.

In a divorce, family property must be divided and provisions made for the children. Financial support, in the form of child support and alimony, is frequently required. As a result, the court may require life insurance on the primary wage earner as a part of the divorce decree in an amount sufficient to fund the obligation.

Once it is determined that carrying life insurance will be a part of the divorce settlement, how long the policy must be maintained needs to be determined.

In a child support situation, the need is typically temporary; expiring when the children reach the age of majority. With a temporary need, the cheapest form of insurance is term insurance. American National's Signature Term policy, allows the applicant to choose a term that will go to the end of the child support period whether it is 10, 15, or even 20 years. Additionally, the Accelerated Benefit Riders for Critical, Chronic, and Terminal Illness, may allow the parent to meet the financial obligations towards their children even if a debilitating, life-altering condition causes the parent to be unable to work.

Young Growing Family*

A growing family has many needs that can make money tight when kids are growing up. It's understandable that families feel there is little money left for life insurance when they're paying for all the expenses involved in raising a family.

Families protect their cars and their homes with insurance but, with a tight budget, life insurance protection seems out of reach. A car accident, heart attack, stroke, or cancer can strike the young as well as the elderly. When this happens, money may stop coming in and medical bills can increase suddenly. American National's term life insurance provides this protection.

If the most affordable coverage is the goal, the Annual Renewable Term (ART) option of Signature Term is the answer. Though the premium will increase annually, in those first years, the lowest price may be the most important feature. While some companies limit the selection of policies that term can be converted to, American National makes all permanent policies convertible.

Options include:

Signature Guaranteed Universal Life, which could protect the family long term with options to return some or all premiums paid in the future, should needs change.

Signature Performance Indexed Universal Life, which offers both protection and cash value growth to provide supplemental retirement income.

Signature Protection Indexed Universal Life, which offers both guaranteed death benefit protection and cash accumulation options.

Signature Indexed Universal Life-NY, which offers both protection and cash value growth to provide supplemental retirement income.

*These examples are illustrative and do not involve actual people.

Signature Term + Signature Guaranteed Universal Life

Sometimes, a single life insurance policy is not enough or the right type of coverage to protect a family's way of life. When that happens, purchasing different types of policies may be a better fit.

Using Multiple Policies to Meet Your Needs

Cheryl and Richard Burns were in their early 40s with two children, ages 12 and 13. Together, they made approximately $140,000 per year with Richard working as a sales manager for a steel company and Cheryl as a senior administrative assistant at a realty company. The only life insurance they had were two group, term policies through their employers with face amounts of $50,000 each.

When they met with their financial advisor, he did an insurance needs analysis and gave them the results:

> If something happened to Richard, the family would need at least $1,000,000 to pay off the house, put the two children through college, and have something left over for Cheryl's retirement.
>
> If something happened to Cheryl, the family would need at least $500,000 to replace Cheryl's $50,000 annual salary and hire someone to take care of the kids while Richard worked.

The couple needed the money from both of their salaries to live on with their current commitments. Neither could do without the other's salary. They were shocked to discover how significantly the family was under-insured but did not feel like they had enough extra money to spend on insurance.

Keeping the family's budget and lifestyle in mind, their financial advisor put together a proposal that would include three separate policies:

$500,000 **Signature Term** **10-year level premium term**	**$1,000,000** **Signature Term** **10-year level premium term**	**$500,000** **Signature Guaranteed Universal Life**

This would be enough to protect the family until the children were out of college with $1,000,000 for Richard and $500,000 for Cheryl. In 10 years, when the kids would be out of school, the $500,000 term policies would terminate leaving the $500,000 Signature Guaranteed UL as coverage to provide for Cheryl if anything happened to Richard.

Business Needs and Term Life Insurance

Those that own a business, know it's not just your family that depends on you. Your death could cause hardships in the lives of the families of your employees and business partners. Having life insurance protection in place can secure the future of those around you.

Converting Signature Term to Signature Performance Indexed Universal Life

Just as family needs change, a business will have fluctuating needs. New business owners that needed low-cost, temporary life insurance might find themselves needing additional protection as the business matures.

When a business does well, the business accountant will ask if the owners have a Buy-Sell Agreement in place. That way, if an owner dies unexpectedly, an agreement would be in place for the other(s) to buy-out their share of the business and keep the business open. The agreement is only as good as the funding in place that allows an owner to spend a lump sum to buy out another owner's share. An affordable way to fund a Buy-Sell Agreement is to purchase life insurance policies on the owners' lives.

Let Insurance Grow with Your Business

Joe and Robert decided to start a new business as partners. They had been working as personal trainers for the branch of a large gym and decided that they should go into business for themselves.

Startup

- Joe and Robert open their storefront gym
- Both own 50% of the business

Year 2

- Current business worth: $300,000
- Joe and Robert were encouraged to look into a Buy-Sell Agreement. They agree but, as the gym is still growing, they asked their agent to find them affordable funding for the agreement.
- Their advisor proposes two $150,000 Signature Term ART policies, on each other's lives. This is one of the lowest cost types of life insurance and has the benefit of offering Joe, who has stopped smoking 6 months ago, affordable smoker rates. If he remains a non-smoker, Joe may be able to save more by converting the ART policy to level term with non-smoker rates.
- Joe and Robert each purchase a $150,000 Signature Term ART policy

Year 4

- Current business worth: $800,000
- Existing life insurance coverage: $300,000
- Under-insured amount: $500,000
- Joe and Robert moved their gym to a new location with quadruple the space, allowing them to expand their business significantly. With the new, higher business worth, their agent encouraged them to each purchase an additional $250,000 in life insurance.
- Joe and Robert each purchase a $250,000 Signature Term 10-year level premium policy

Year 8

- Current business worth: $1,400,000
- Existing life insurance coverage: $800,000
- Under-insured amount: $600,000
- The gym had been a steady source of income for Joe and Robert and they were quite happy with their success. When they met again with their agent, he suggested that they now convert their 10-year level term policies to something permanent. Signature Performance Indexed Universal Life fit the bill for something permanent that could provide funding for their buy-sell agreement and build up cash value.

Now that they had their agreement funded, the death benefit would protect their families and ensure their business continued while the living benefits and cash value would be there to enhance their retirement.

Buy-Sell Agreement

A properly designed Buy-Sell Agreement and estate plan ensures your business passes on as you wish. Even though your intent may be to leave the business to family members, family and businesses don't always mix. An agreement can help alleviate disputes that may arise while trying to readjust the business. With the proper plan in place, the family will have the guidance they need during this critical transition. There are a number of ways to set up a Buy-Sell Agreement to best fit your situation.

Let Your Business Needs Define Your Insurance Needs

Jerry and Bill met and became friends while working in a textile mill in North Carolina. When the business closed several years later, they made a deal with the mill owners to purchase three pieces of equipment that were used to make socks and rented one of the buildings at the plant. Shortly after, they opened the Colorful Sock Company and began manufacturing. The colorful socks caught on and, within a few years, they were adding more equipment and employees to keep up with the demand.

Now that the company had significant value, Jerry and Bill visited their attorney to discuss what they should do if something happened to either one of them. He told them the company could set up a Buy-Sell Agreement that would compel the surviving partner to purchase the deceased partner's interest from their estate.

He recommended an agreement type known as cross-purchase where they would own insurance on one another that would be used to fund the agreement. This would provide liquidity to the deceased partner's family while all ownership would then rest with the surviving partner. Additionally, with funding through life insurance, they would not need to set aside a considerable amount of money to fulfill the requirements of the agreement.

The partners met with their insurance agent and provided him the information from the attorney as well as an estimate of the business's net worth from their accountant. Once they had settled on the amount, they discussed what type of product they should purchase. Since the business was still in its early stages and money was tight, Hal recommended a 10-year level premium Signature Term Life Insurance policy from American National as a cost-effective insurance solution in line with their current cash flow.

Hal explained the additional features of a Signature Term policy that they might need in the future including:

- The ability to convert to a current American National permanent policy
- Conversion credits on premiums paid in the year of conversion
- Accelerated Benefit Riders for Critical, Chronic, and Terminal Illness

Jerry and Bill liked all of the protection the Signature Term policies provided them and their business. They also felt the low premiums fit their current budget, allowing them to continue to grow. Once the Buy-Sell Agreement was signed and the policies were approved and delivered, they felt they truly had insured their company and it could continue for some time into the future.

Key Person Insurance

Many family businesses have non-family members in key roles without whom the business may suffer financially. It could be the key sales representative, who has all of the customer contacts, the individual who has all of the relationships with suppliers, the key financial person in the company, or the individual who keeps all of the machinery running out in the shop. If that person dies suddenly or suffers an illness that prevents them from working, the business will suffer financial hardship in their absence. Until that individual can be replaced and their successor trained, the company risks losing money from the absence of the key employee.

A key person life insurance policy can help to ensure any loss is covered and additional funds are available to hire consultants temporarily until a new employee can be found and trained. The Signature Term Life Insurance policy can be a cost effective method of providing protection to the company. The need is temporary because the employee would be expected to retire someday and have time to train a replacement.

If the key person suffers from an illness that is a qualifying condition under American National's Critical, Chronic, or Terminal Illness Riders, the policy could be accelerated to provide money to train a replacement while also providing the employee and their family a benefit.

Accelerated Benefit Rider Notice

Policy Form Series: ABR14-TM; ABR14-CH; ABR14-CT; (ND & SD Form Series ABR22-CT;, ABR22-CH; and ABR22-TM) ABR14-TM(NY); ABR14-CH(NY). Forms will vary by state and may not be available in all states. Critical Illness Rider is not available in New York. Chronic Illness is not available on term products or products with term riders in California. Have your agent refer to rider forms for a complete list of illnesses and definitions. Some states may limit the definition of terminal illness to conditions that are expected to result in death within 12 months. The riders are offered at no additional premium. However, the accelerated payment will be less than the requested death benefit because it will be reduced by an actuarial discount and an administrative fee of up to $500. The amount of the discount is primarily dependent on American National's determination of the insured's life expectancy at the time of election. Outstanding policy loans will reduce the amount of the benefit payment. The accelerated death benefit is an unrestricted cash payment. A request for an accelerated death benefit may only be beneficial if the qualifying event results in significant deterioration of the rider insured's life expectancy. The Chronic and Terminal Illness Rider are intended to receive favorable tax treatment under 101(g) of the IRC. Receipt of a benefit could be a taxable event. You should consult a tax advisor regarding the tax status of any benefit paid under these riders. Receipt of an accelerated death benefit may affect your eligibility for Medicaid, supplemental security income, or other governmental benefits or entitlements. Before accelerating any benefit you should consult an advisor to determine the impact on your eligibility. Accelerated Benefit Riders are not replacements for Long-Term Care Insurance. Not for use in California. For California use form 11117-CA.

New York Chronic Illness Rider: This product is a life insurance policy that accelerates the death benefit of account of chronic illness and is not a health insurance policy providing long-term care insurance subject to the minimum requirements of New York Law, does not qualify for the New York State Long-Term Care Partnership program, and is not a Medicare supplement policy. American National Insurance Company, headquartered in Galveston, Texas is licensed to conduct business in all states except New York. Business is conducted in New York by American National Life Insurance Company of New York, headquartered in Glenmont, New York. Each company has financial responsibility only for the products and services it issues.

Important Considerations

This brochure contains only a general description of products and is not a policy of insurance. Any coverage is subject to the terms and conditions of the policy itself. For full details, see the policy.

Expenses, cost of insurance, and interest credited are all explained in your policy. In addition, you will receive a detailed annual report showing all the transactions which occurred in your policy during the year, including the beginning Accumulation Value, premiums paid, expense charges, cost of insurance deducted, interest credited, any loans taken during the policy year, and the ending balance.

The Signature Performance Indexed Universal Life Insurance, Signature Protection Indexed Universal Life Insurance, and Signature Indexed Universal Life – NY are not registered securities or stock market investments and do not directly participate in any stock or equity investments or indices. When you buy this policy, you are not buying an ownership interest in any stock or index. American National and its agents do not make any recommendations regarding the selection of indexed strategies. American National and its agents do not guarantee the performance of any indexed strategies. There is not one particular interest crediting strategy that will deliver the most interest under all economic conditions.

Proceeds from life insurance paid because of the death of the insured are generally excluded from the beneficiary's gross income for tax purposes. (IRC 101(a)(1)) You should consult your tax advisor or attorney regarding your specific situation.

Only through a general review of your specific situation can it be determined if there are tax advantages available to you through American National's products, one of which is life insurance.

Neither American National nor its representatives provide legal or tax advice. Please consult your attorney or tax advisor regarding specific circumstances. Policy Form Series: ART18; ART18(NY); SGUL18; SGUL18(NY); IUL19, IUL14R(NY) (Forms May Vary by State).

1) The benefit is subject to an administrative fee of up to $500 and an actuarial discount that will be assessed when the benefit is elected. The maximum administrative fee may vary by state.

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