

# COUNTRY Investors Life Assurance Company<sup>®</sup>

## Fixed Annuity Handbook



This section of the handbook provides important information to help you understand the type and scope of fixed annuity products available through COUNTRY Investors Life Assurance Company<sup>®</sup> (“CILAC”; otherwise referred to as “we,” “us,” or “our”), material fees and costs that may apply, and conflicts of interest associated with a recommendation.

This handbook includes general information and common features of the fixed annuities offered through CILAC. The information is specific only to fixed annuity products from CILAC. The fixed annuity you select may have unique features not described in this handbook. Please read this information carefully and retain it for your records. If you have any questions regarding this information or to request a current copy of the handbook, please contact your financial professional.

The National Association of Insurance Commissioners (NAIC) also makes available “Buyer’s Guides” designed to help you understand basic information regarding fixed annuity products. This information is not intended to replace the Buyer’s Guide, but to supplement it with information specific to the relationship you will have with us and your financial professional. You will receive a copy of the Buyer’s Guide from your financial professional if you decide to move forward with purchasing a fixed annuity. We encourage you to read the guide thoroughly and ask questions before you proceed with your purchase. You can find a current copy of the Buyer’s Guide at [www.naic.org/documents/prod\\_serv\\_consumer\\_anb\\_le\\_2013.pdf](http://www.naic.org/documents/prod_serv_consumer_anb_le_2013.pdf).

Information contained in this handbook is current as of January 2023 and supersedes prior handbooks you may have received.

## Type and Scope of Services

CILAC is a state licensed insurance company authorized to issue fixed annuity contracts and universal life insurance policies in several states. CILAC offers deferred and immediate annuities as well as annuities with either a single premium or flexible premium structure. Below is information about doing business with CILAC, including specific information on what products we have available and how we compensate our financial professionals.

### What to expect when you are doing business with us

To conduct our business, we engage financial professionals to offer and service our products. These individuals receive varying methods of compensation, which may affect their recommendations regarding our products. These will be discussed in further detail below.

We are obligated to provide recommendations appropriate for you based on factors including your retirement goals and objectives, financial and tax status, and other personal and financial information you provide to us. We use information provided by you to determine what products, if any, are suitable for your specific needs. Depending on the product recommended, our recommendation may be required to meet a suitability or best-interest standard of care. Regardless of the applicable standard of care, we will work with you to achieve your goals and objectives.

Our recommendations are limited by the products we offer. It’s important that you understand how the annuities we offer can be different from each other so you can choose the type of annuity that’s best for you. While we take reasonable care in developing recommendations, there is no guarantee that you will meet your retirement goals. You can use an annuity to save money for retirement and to receive retirement income for life. It is not meant to be used to meet short-term financial goals.

It is important to be aware of the taxation of annuities purchased within an Individual Retirement Annuity or other tax-qualified retirement plans. These annuities follow the tax requirements that apply to the tax-qualified plan and may vary according to plan type. Buying an annuity within an IRA or other tax-qualified plan **does not provide** any extra tax deferral benefits, so you should choose your annuity based on its other features and benefits as well as its risks and costs. Consult with your personal tax advisor for information regarding your specific situation.

## Product Offerings

For purposes of this disclosure, CILAC offers the following fixed annuity products:

- Single Premium Deferred Annuities (3, 5, or 7 Year)
- Flexible Premium Deferred Annuities
- Single Premium Immediate Annuities

### Single Premium Deferred Annuity (SPDA)

An SPDA is a single premium annuity, which means you buy it with one premium payment and no further premium payments are allowed.

This is a fixed annuity, which means it earns interest at a specified rate that will not go below the guaranteed minimum interest rate. It is also deferred, which means payouts begin at a future date and you won't pay taxes on the interest until the money is paid to you.

An SPDA earns tax-deferred interest at an effective annual rate that is fixed for each contract year. When you buy your annuity, you choose an initial guarantee period of 3, 5, or 7 years and we guarantee that the credited interest rate will not change until the end of that period. The initial guaranteed rate you receive depends on the guarantee period chosen and the amount of initial premium paid. After the initial guarantee period, credited interest will be based on the then current rate that we make available. The rate will be guaranteed for the contract period, and may change to a new rate on your annuity's first anniversary after the contract period. Interest rates are periodically declared by us and not all guarantee periods are available at all times.

### Flexible Premium Deferred Annuity (FPDA)

An FPDA is a flexible premium annuity, which means after the initial premium is paid, additional premium payments can be made (certain limits apply).

This is a fixed annuity, which means it earns interest at a specified rate that will not go below the guaranteed minimum interest rate. It is also **deferred**, which means payouts begin at a future date and you won't pay taxes on the interest until the money is paid to you.

### Single Premium Immediate Annuity (SPIA)

A SPIA is a single premium annuity, which means you buy it with one premium payment and no further premium payments are allowed. Unlike an SPDA, payouts on a SPIA are required to begin within one year. At this time, CILAC does not offer a qualified Single Premium Immediate Annuity. If you wish to purchase an annuity product with qualified funds and start a payment stream within one year, your financial professional may recommend the purchase of a Single Premium Deferred Annuity with the option to annuitize the contract to begin a payment stream. The amount of compensation your financial professional receives may depend on the guarantee period of the annuity recommended.

## Surrender Charges

You can't take any of the money out of your annuity after the payout begins. Before it begins, you can withdraw all of your annuity's cash surrender value (**full contract surrender**) or part of it (**partial withdrawal**).

Withdrawals made before the end of the guarantee period are subject to a **surrender charge**, which is calculated as a percentage of the amount withdrawn as shown in the tables below. For both full contract surrenders and partial withdrawals you will receive the amount of the withdrawal minus the surrender charge. During the first contract year, any amount withdrawn will be subject to a surrender charge. Beginning with the second contract year, the surrender charge only applies to that portion of the total amount withdrawn during a contract year that exceeds 10% of your annuity's value as of the end of the previous contract year.

### Surrender Charge Schedule

Contract Year	1	2	3	4	5	6	7	8	9	10+
3 Year	7%	6%	5%	0%	0%	0%	0%	0%	0%	0%
5 Year	7%	7%	6%	5%	4%	0%	0%	0%	0%	0%
7 Year	7%	7%	7%	6%	5%	4%	3%	0%	0%	0%
FPDA	9%	8%	7%	6%	5%	4%	3%	2%	1%	0%

Example using a 5 year guarantee period with an annuity value of \$100,000 at the end of the first contract year: If you withdraw \$10,000 (10%) from your annuity in the second contract year, you will not be subject to a surrender charge. However, if you withdraw an additional \$10,000 the same contract year, the additional withdrawal will be assessed a 7% surrender charge. You would actually receive \$9,300 as follows:  $\$10,000 \times 0.07 = \$700$  and  $\$10,000 - \$700 = \$9,300$ . If you take out any amount after the end of the fifth contract year, there would not be a surrender charge.

When you choose to start a payout on your annuity, you will also choose a specific payout option. Some options may be subject to age or other limitations. Please see the annuity contract for available payout options.

Our financial professionals can only solicit and recommend our products or the products of our affiliates, in their respective capacities, unless we or our affiliates refuse to underwrite or issue such products. For example, if a fixed annuity is being recommended, then it must be a CILAC fixed annuity or a fixed annuity sold through CCMC, unless we do not offer the type of annuity features required or we will not issue a fixed rate annuity based on certain factors, e.g., age or amount. Our affiliates may receive third-party payments from carriers who offer products when we are not the issuing company. Additionally, our financial professionals may receive compensation that differs from what is outlined below on the sale of these third-party products.

The product(s) available from CILAC are proprietary product(s) of CILAC. These product(s) are developed, administered, and, as insurance product(s), are guaranteed by the claims paying ability of CILAC's financial strength and soundness. The availability of these products is limited to the states we are licensed to do business in and the state of your residence.

CILAC does not offer third-party products and, as such, any compensation in relation to CILAC product(s) is not paid by third parties.

## Compensation and other conflicts of interest

Generally, CILAC and its financial professionals are compensated based on the sale of the products described herein. How we are compensated creates a conflict of interest by incentivizing our financial professionals to recommend the purchase of these products. To help mitigate this conflict, we have policies and procedures in place addressing conflicts of interest and ethical obligations. We require all of our personnel and financial professionals to act in accordance with policies, procedures, and applicable rules, regulations, and laws.

Your financial professional earns compensation from us in connection with selling annuity contracts and providing services. The maximum amount of commissions your financial professional is eligible to earn for sale of this contract is reflected as a percentage of premium paid as indicated in the table the below. Additionally, the sale of the products outlined below may result in your financial professional earning a higher commission rate on other products or services they sell.

### Single Premium Deferred Annuity

Issue Age	3 Year		5 Year		7 Year	
	First \$10K in Premium	Premium in Excess of \$10K	First \$10K in Premium	Premium in Excess of 10K	First \$10K in Premium	Premium in Excess of 10K
0-69	1.75%	.75%	2.25%	1.25%	2.75%	1.75%
70-79	.75%	.25%	1.25%	1.75%	1.75%	1.25%
80-89	None	None	.25%	.25%	.75%	.75%
90+	None	None	None	None	None	None

### Flexible Premium Deferred Annuity

Issue Age	First Contract Year		2nd -10th Contract Year
	First \$10K in Premium	Premium in Excess of 10K	All Premium
0-69	2.75%	1.75%	1.75%
70-79	1.75%	1.25%	.75%
80-89	.75%	.75%	.25%
90+	None	None	None

In addition to the commission described in the table, while the contract remains in effect your financial professional will receive a commission equal to 0.10% of the contract's account value as of the end of each contract year. All commissions paid by us are from our general assets and are not deducted from premiums paid or from the contract's account value.

For FPDAs, after the 10th contract year, no commissions will be due unless the financial professional has produced a minimum of three total Life, Disability Income and Long Term Care applications and \$3,000 in annualized premium in the 12 month period ending with the month said commission is earned.

In addition to the products listed above, CILAC has a closed block of variable universal life and variable annuity products. This means that CILAC does not offer new purchases of these products but existing owners of these products may be able to pay additional premium. The compensation your financial professional may receive for recommendations will differ from recommendations for new products available through CILAC or its affiliates. Please see below for information on compensation.

For variable annuity contracts issued by COUNTRY Investors Life Assurance Company.

a. Commissions will be equal to a percentage of each premium payment as follows:

Issue Age	Commission Percentage
0-69	3%
70-79	2%
80-89	1.5%
90 and Older	None

b. In addition, a Commission equal to 0.20% of the contract's accumulated value at the end of each contract year will be payable once each year until the date of annuitization. No Commissions will be paid after annuitization.

Moreover, your financial professional may also receive non-monetary contest credits that apply toward eligibility for contest awards offered annually. In order to earn such awards, a set number of contest credits must be accumulated by the end of November each year. Based on the average number of contest credits needed to earn an award, should your financial professional earn an award, the approximate value range is \$0.02 to \$0.06 per contest credit.

Lastly, if eligibility requirements are met, CC Services, Inc. ("CCSI"), an affiliate of CILAC, will credit 3.5% of your financial professional's earnings to his/her deferred compensation account. CCSI may credit supplemental contributions to this account if your financial professional meets certain production requirements.

The compensation structure outlined above may incentivize your financial professional to make a recommendation to contribute to already purchased existing products or recommend purchasing a new product as a way to earn additional compensation. The amount of compensation your financial professional receives may depend on several factors, including the length of the deferral period, your age, and the amount of premium you contribute.

If you have any questions, please ask your financial professional.

Fixed annuities may be issued by COUNTRY Investors Life Assurance Company®, Bloomington, or issued by unaffiliated insurance companies and offered by COUNTRY® Capital Management Company a state licensed insurance agency.