AMERICAN CENTURY LIFE INSURANCE

American Spirit

Single Premium Deferred Annuity

AGENT PRODUCT TRAINING

- Application Process & Forms
- Certificate of Disclosure
- Suitability Analysis Requirements
- Replacement Rules
- Agent Certification & Compliance
- State Availability

For Agent Use Only

Not for consumer distribution

AM Best Rated B++ (Good)

Demotech FSR: A, Exceptional

Founded 1940

About American Century Life Insurance Company

AMERICAN CENTURY LIFE INSURANCE

A lasting commitment to our clients

Founded in 1940, American Century Life Insurance Company has a long history of serving families with annuity and life insurance needs. Licensed in 44 states, we are domiciled in Columbus, Ohio with administrative offices in Allen, Texas.

In Oklahoma, we operate as American Century Life Insurance Company of Texas.

B++ (Good)	A
AM Best Rating Financial Strength	Demotech FSR Exceptional

SPDA at a Glance

Product Type:	Single Premium Deferred Annuity
Issue Ages:	0 – 90 years old
Minimum Premium:	$5,000
Maximum Premium:	$2,000,000
Free Look Period:	30 days — full premium refund
Annual Fees:	None — no maintenance or load fees
Interest Crediting:	Daily compounding, tax-deferred
Terms Available:	3, 5, 7, or 10 years
Qualified Plans:	IRA, Roth IRA, Non-Qualified
Death Benefit:	Full account value, no charges

Guaranteed Interest Rates & Term Options

Rates are for illustration only— actual rates subject to change

Guarantee Term	3-Year	5-Year	7-Year	10-Year
Base Rate	5.40%	5.60%	5.65%	5.70%
+ Free W/D Waiver ①	5.45%	5.65%	5.70%	5.75%
+ Charges Waiver ②	—	5.70%	5.75%	5.80%
Both Riders	—	5.75%	5.80%	5.85%

① Free Withdrawal Waiver Rider

- Waives the standard 10% annual free withdrawal included in the base policy
- ALL withdrawals including principal will incur withdrawal charges
- Higher guaranteed interest rate in exchange for reduced liquidity
- Best fit: clients who do NOT anticipate any withdrawals during the term

② Withdrawal Charges Waiver Rider

- Available on 5-, 7-, and 10-year terms only
- Rate may be adjusted annually (floor: never below 1%)
- If rate drops below initial guaranteed rate → full surrender with NO charges or MVA
- Best fit: clients who want a safety valve if rates improve significantly

Withdrawals, Surrender Charges & Market Value Adjustment

From the Certificate of Disclosure

✓ Surrender Charge Exceptions

100% Accumulated Interest + RMDs
Withdraw all earned interest or required minimum distributions — always charge-free

10% Annual Free Withdrawal
10% of account value per year — free of surrender charges (MVA may apply). NOT available if Free W/D Waiver Rider selected.

Owner Death
Surrender charges AND MVA fully waived — full account balance paid to beneficiary

Annuitization After Year 1
Charges waived with 5+ year payout period settlement option

End of Guarantee Period
30-day window — full or partial surrender with no charges

Withdrawal Charge Schedule

Term	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
3-yr	9%	8%	7%	—	—	—	—	—	—	—
5-yr	9%	8%	7%	6%	5%	—	—	—	—	—
7-yr	9%	8%	7%	6%	5%	4%	3%	—	—	—
10-yr	9%	8%	7%	6%	5%	4%	3%	2%	1%	½%

Market Value Adjustment (MVA): Withdrawals may be increased or decreased based on interest rate environment at time of withdrawal. If rates rose since purchase → MVA reduces amount. If rates fell → MVA increases amount. MVA is waived at end of guarantee period and on death.

Tax Reminder: Withdrawals before age 59½ may be subject to a 10% IRS penalty. All distributions from qualified plans may be fully taxable. An annuity is not required for tax deferral inside a qualified plan. ACLIC agents may not provide tax advice — always refer clients to their own tax advisor.

Guarantee Period Renewal Options

At least 45 days' notice is provided — owner has a 30-day window to select an option

1 Keep & Earn Minimum Rate

Earn minimum 2% annually with NO charges or MVA. Rate fluctuates but never below 2%. Full withdrawal liquidity at any time. This is the DEFAULT if no election is made.

2 Renew for Same Term

Continue for a Subsequent Guarantee Period at the same duration and then-current Subsequent Guaranteed Interest Rate. New surrender charges and MVA apply to the new period.

3 Annuitize

Apply account value to a Settlement Option: life income, life income with 120 months certain, or fixed period. Charges/MVA waived with payout of 5+ years.

4 Partial Withdrawal + Renew

Take a partial withdrawal (charges/MVA waived) and apply remaining balance to a Subsequent Guarantee Period at the applicable new rate.

5 Full Surrender

Surrender entire contract with all surrender charges and MVA waived. Ideal for clients whose financial plans have changed at end of the guarantee term.

Default Election: If the owner makes no selection during the 30-day window, Option 1 is automatically applied. Remind clients to respond before the deadline to avoid defaulting into a rate they may not want.

Certificate of Disclosure — Agent Walkthrough

This document is NOT the legal contract — it is a summary. Review every section with every client.

Interest Crediting

- Compounded daily — explain the power of daily vs annual crediting
- Current rates shown are effective annual rates
- Initial rate guaranteed for the full selected term

Withdrawal Charges

- Walk through the charge table for client's specific term
- Confirm understanding of when charges apply
- Point out the 10% free withdrawal (if no waiver rider selected)

Market Value Adjustment

- MVA can increase OR decrease withdrawal amounts
- Driven by interest rate environment at time of withdrawal
- MVA waived at end of period, on death, and at annuitization (5+ yr)

Tax Treatment

- Tax-deferred growth under current law
- 10% IRS penalty before age 59½
- Qualified plan distributions may be fully taxable
- ACLIC cannot provide tax advice — refer to advisor

Client Signature

- Owner and Joint Owner (if any) must both sign
- Must be signed BEFORE or AT time of application
- Copy is returned with the issued annuity contract

Renewal Notification

- 45-day advance notice sent by ACLIC before expiration
- 30-day election window for client
- Default = Option ① if no selection made

Annuity Suitability Analysis

Your legal obligation under state law and best-interest standards

- **Personal Info:** Full name, age, citizenship, employment/retirement status
- **Income & Expenses:** Gross annual household income and household expenses
- **Liquid Assets:** Surrender-free annuities, checking, savings, stocks/bonds, IRAs
- **Non-Liquid Assets:** Annuities in surrender, real estate, life insurance cash value
- **Financial Objectives:** Accumulation, tax deferral, income, principal safety, heirs
- **Source of Funds:** CD, savings, inheritance, death benefit, qualified rollover, etc.
- **Time Horizon:** 1–3 / 4–6 / 7–9 / 10–12 / 13+ years
- **Risk Tolerance:** Conservative → Aggressive (5 levels)
- **Tax Bracket:** Federal bracket (12%–37%)
- **Distribution Intent:** Free withdrawals, RMDs, annuitize, lump sum, or none

Agent Certification Requirements

- State your specific reasons for recommending this product
- Identify and document any possible disadvantages
- Certify recommendation is based on client-provided information
- If replacing: confirm new annuity provides added benefits
- Acknowledge fiduciary duty on qualified plan rollovers (ERISA/PTE 84-24)
- Sign, date, and include agent number on the suitability form

Owner Acknowledgment Options

✓ Based on Recommendation

Standard — client confirms purchase IS based on agent recommendation

✗ NOT Based on Recommendation

Client exercises own judgment — may lose state Insurance Code protections

! Refuse / Limited Information

Client declines or limits info — document carefully; may lose protections

DO NOT obtain signatures on blank or incomplete forms.

Insurance Agent Disclosure for Annuities

Must be completed and signed by agent and client BEFORE or AT time of application

Required Disclosure Items

Products Offered:

- Which types you are licensed to sell (Fixed/FIA, Variable, Life)

Non-Insurance Products:

- Mutual funds, stocks/bonds, CDs — only if separately licensed

Insurer Access:

- One insurer or multiple; if multiple state your primary carrier

Compensation Type:

- Commission (paid by insurer) OR Fee (paid by client)

Indirect Compensation:

- Non-cash incentives, trips, bonuses from insurer or other sources

Business Information:

- Agent name, NPN, state license #, business address, phone, email, website

Pre-Submission Agent Checklist

- ✔ Personally interview applicant — witness ALL signatures
- ✔ Review application for correctness and any omissions
- ✔ Have applicant review application for correctness and omissions
- ✔ Confirm suitability of product for client's specific situation
- ✔ Explain withdrawal charges, MVA provisions, and rate structure
- ✔ Complete suitability analysis — all fields must be filled
- ✔ Complete Agent Disclosure form — signed by agent and all owners
- ✔ If replacement: complete and leave Replacement Notice with client
- ✔ If qualified plan rollover: assess PTE 84-24 fiduciary obligation
- ✔ Certify all information is true and accurate before submission

Account Transfers & 1035 Exchanges

Authorization form directs prior institution to transfer funds directly to ACLIC

Non-Qualified Transfers (IRC §1035)

- Tax-free exchange of existing annuity or life insurance cash value
- All rights and interests in the prior policy are assigned to ACLIC
- Assignment is not effective until ACLIC accepts it in writing
- If no exchange occurs, assignment is null and void
- Partial 1035 exchanges require basis/gain info for IRS reporting

Qualified Plan Transfers

- Trustee-to-Trustee Transfer: IRA→IRA, 403(b)→IRA
- Direct Rollover from 401(k), IRA, SEP, or Roth IRA
- Conversion to Roth IRA (taxable event — advise client)
- Inherited IRA to Inherited IRA transfers permitted
- Qualifying events: age 59½, death, disability, plan termination, severance, divorce

RMD Instructions

- Not required to make RMD / RMD already taken for this year
- Distribute my RMD BEFORE transferring qualified funds to ACLIC
- Do NOT distribute RMD — it will be taken from another account

Key Agent Reminders

- ACLIC is NOT responsible for surrender charges, taxes, or fees from prior institution
- Do NOT withhold taxes from proceeds unless required by law
- If original policy is lost/destroyed, certify policy # and insurer on the form
- Medallion Signature Guarantee may be required by prior institution
- Confirm account is NOT pledged as collateral or subject to legal proceedings

Common Mistakes & Best Practices

Protect your clients, your commission, and your license

Common Mistakes to Avoid

- Submitting suitability form with any blank fields
- Failing to explain the Market Value Adjustment before signing
- Recommending a surrender without completing the Replacement Notice
- Misrepresenting the 10% free withdrawal when the Free W/D Waiver Rider is selected
- Making any promises about future renewal rates that aren't guaranteed
- Not disclosing your compensation on the Agent Disclosure Form
- Obtaining signatures on incomplete or pre-filled forms
- Overlooking fiduciary duty on qualified plan rollovers (PTE 84-24)

Best Practices

- Conduct a full documented interview for every application
- Review all 5 application package documents with the client together
- Confirm the client reads and understands the Certificate of Disclosure
- Document your specific reasons for recommending THIS product and THIS guarantee period
- Match the guarantee period to the client's stated time horizon
- Explain both riders fully before any rider election is made
- Provide copies of ALL signed documents to the client at point of sale
- Follow up ~45 days before renewal to proactively review options

State Availability

Effective 12/01/2025 — Always verify with the Company and the agent portal before submitting an application

Important: Annuity contracts and features may vary by state and may not be available in all states. The ISPDA is currently available in 44 states. Always verify current state approval status with the Company and on the agent portal before soliciting for this annuity contract. Contract issued on form ICC22 SPDA APP (02-22) or approved state variations.

Domicile & Licensing

Domicile: Columbus, Ohio
Admin offices: Allen, Texas

Licensed in 44 states.
Oklahoma: operates as American Century Life Insurance Company of Texas

NOT currently licensed in:
CA, HI, MN, NY, NC, OR, PR, SD

Financial Strength

AM Best Rating:
B++ (Good) — Financial Strength
bbb+ (Good) — Long-Term Issuer Credit

Demotech FSR:
A, Exceptional

Contract Form Numbers

Base Policy Form:
ICC22 SPDA POL (02-22)

State-specific variations may apply.

Always use the form approved for the client's state of residence — check the agent portal for state-specific forms.

ACLIC Home Office: 1333 W. McDermott Dr. #200, Allen, TX 75013 **855.966.1111** service@ACLIC.com **www.ACLIC.com**

Key Takeaways

Complete Every Form

All 5 documents must be fully completed, reviewed, and signed before submission.

Suitability is Your Responsibility

Document your reasoning. A blank or incomplete suitability form is a compliance violation.

Walk Through the Disclosure

Review the Certificate of Disclosure line by line — clients must understand charges and MVA.

Replacements Need Extra Steps

Any replacement triggers the Replacement Notice form. A copy stays with the client.

Riders Fundamentally Change the Product

Both optional riders alter how the product operates. Never skip explaining rider elections.

Never Give Tax Advice

Always refer clients to their own tax advisor for guidance specific to their situation.

AMERICAN CENTURY LIFE INSURANCE

American Spirit (SPDA)
Agent Product Training

Questions?
Contact ACLIC (866) 966-1111
service@aclic.com

AM Best B++ (Good) · Demotech FSR A, Exceptional

Founded 1940