



WCU FINANCIAL

ESTABLISHED IN 1877
FAITH | STRENGTH | SECURITY

Western Catholic Union
A Fraternal Benefit Society
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WCU ANNUITY PRODUCT SPECIFIC TRAINING IL, IA, MD, MO, OH, PA, TX, WV, WI

GENERAL INFORMATION (APPLIES TO ALL ANNUITY PRODUCTS)

- Can be issued as Qualified (IRA, ROTH, SEP) or Non-Qualified
- The annuitant and the owner of an IRA must be one and the same
- The annuitant and the owner of a non-qualified certificate can be a single or joint annuitant
- All annuities are tax-deferred

On the Application:

- Use Application Form ICC22 WCU ANNUITY APP
- Plan Type (Non-Qualified, IRA, ROTH IRA or Other) must be selected
- Source of Premium must be selected
- Type of Annuity must be checked and the number of years should be entered in the space provided (SPDA is not currently available)
- Make sure to answer the replacement question(s) correctly. If checked "Yes", a Replacement Form must be included.
- App must be accompanied by an Annuity Suitability Disclosure Form (MO has their own suitability form)
- In the State of IA, you must also attach a Sales Material Verification Form
- In the State of WI, you must also attach a Wisconsin Preliminary Certificate Summary
- In the State of OH, you must also attach a Ohio Disclosure

RATE LOCK MULTI-YEAR GUARANTEE ANNUITIES (MYGA)

General MYGA Information:

- Available in 3, 4 or 5 Year Durations
- Issue Ages 18-90 on MYGA 4 & MYGA 5; Issue Ages 18-96 on MYGA 3
- Minimum premium is \$5,000 per certificate. Home office approval needed on amounts over \$500,000.
- Guaranteed Interest Rate will be determined at time of issue
- This is a single premium product, the only time additional funds can be put into the certificate is within 90 days from the date of issue
- The default maturity date is at the end of the guarantee period that occurs prior to the Annuitant attaining age 100. The owner may elect an alternative Maturity date as long as it corresponds with the end of a guarantee period.

MYGA Withdrawal Charges:

- A withdrawal of all or a portion of the accumulated value of the certificate before the end of its initial term will be subject to a withdrawal charge as stated in the table below. The withdrawal charge is calculated separately for each certificate.

MYGA Term	Surrender Charge By Year				
	Year 1	Year 2	Year 3	Year 4	Year 5
5 Year	8%	7%	6%	5%	4%
4 Year	8%	7%	6%	5%	
3 Year	8%	7%	6%		

- The base penalty is modified by a Market Value Adjustment (MVA). The MVA is indexed to the U.S. Constant Maturity Treasury Rate.

- 10% penalty free withdrawal permitted each contract year. The penalty-free amount changes each contract year based upon the value on the contract anniversary date.
- Required Minimum Distributions (RMD) for the certificate are penalty-free.

FLEXIBLE PREMIUM DEFERRED ANNUITIES (FLEX)

General FLEX Information:

- Available in 2, 5, 6, 7, 8, 9 and 10 Year Durations
- Issue Ages 0-85 on FLEX 10, FLEX 9, FLEX 8, FLEX 7 & FLEX 6
- Issue Ages 0-90 on FLEX 5
- Issue Ages 0-95 on FLEX 2
- Minimum premium is \$2,000 per certificate. Home office approval needed on amounts over \$500,000
- The FLEX interest rate is guaranteed for the the first year only. APY rates for future years are subject to market fluctuation and are not guaranteed.
- The Minimum Guaranteed Rate is 2.50% on FLEX 10, FLEX 9, FLEX 8, FLEX 7, FLEX 6 & FLEX 5
- The Minimum Guaranteed Rate is 2.00% on FLEX 2
- Additional deposits are allowed on the FLEX products (The IRS may limit deposits into IRAs)
- The default maturity date is the anniversary on which the annuitant is age 120 (or when the older annuitant is age 120 in the case of joint annuitants). The owner may change the maturity date by written notice. However, the maturity date cannot be prior to the later of (1) the 10th contract anniversary or (2) the first date that the withdrawal charge factor is 0, nor can it be later than the default maturity date.

FLEX Withdrawal Charges:

- A withdrawal of all or a portion of the accumulated value of the certificate before the end of its initial term will be subject to a withdrawal charge as stated in the table below. The withdrawal charge is calculated separately for each certificate.

FLEX Term	Surrender Charge By Year									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
10 Year	9%	8%	7%	6%	5%	4%	3%	2%	1%	0.5%
9 Year	9%	8%	7%	6%	5%	4%	3%	2%	1%	
8 Year	9%	8%	7%	6%	5%	4%	3%	2%		
7 Year	9%	8%	7%	6%	5%	4%	3%			
6 Year	9%	8%	7%	6%	5%	4%				
5 Year	9%	8%	7%	6%	5%					
2 Year	9%	8%								

- 10% penalty free withdrawal permitted each contract year. The penalty-free amount changes each contract year based upon the value on the contract anniversary date.
- Required Minimum Distributions (RMD) for the certificate are penalty-free

SURRENDER CHARGE WAIVER PROVISIONS - MYGA & FLEX

This provision waives the surrender charge on partial withdrawals up to varying percentages of the Account Value for the occurrence of the following event associated with the annuitant:

1. Confinement to a nursing home (up to 50% after confinement for at least 90 days)
2. Unemployment (up to 50%)
3. The occurrence of a heart attack (up to 25%)
4. The diagnosis of internal cancer (up to 25%)

This provision only applies in certificate years 2 and later and is limited to a single episode of one of the above eligible events. The nursing home waiver is only available for issue ages 80 and younger. The unemployment waiver is only available for attained ages 64 and younger.

DEATH BENEFIT DURING DEFERRAL PERIOD - MYGA & FLEX

The full account value is paid to the beneficiary upon death of the annuitant. The beneficiary must provide proof of death and complete WCU claim forms. If the annuity is jointly owned, the surviving spouse will become the Owner and the contract will continue.

SINGLE PREMIUM IMMEDIATE ANNUITIES (SPIA)

A Single Premium Immediate Annuity (SPIA) is an annuity certificate that allows immediate distributions. It is purchased with a single premium and is used where income is required and protection of principal is needed.

- No additional premiums are allowed
- The first payment to the client is usually made 30 days after the issue date
- Minimum monthly payment is \$50 per month
- Interest rates are determined at time of issue

If you are annuitizing an existing annuity certificate, you can do so as long as the SPIA will be equal to the remaining duration of the original certificate (not less than 5 years). A surrender charge may not be applied, however, commission chargebacks are possible. A new application must be completed to issue a new SPIA certificate.

Options:

- Life Only Annuity - The monthly income will be paid for as long as the annuitant lives. Upon death of the annuitant, the certificate ceases without value.
- Life Only Joint Annuity - The monthly income will be paid while both annuitants are alive. While the primary annuitant is the sole survivor, the annuity payment will be reduced to the amount shown in the contract. While the joint annuitant is the sole survivor, the annuity payment will be reduced to the amount shown in the contract. Upon death of both annuitants, the certificate ceases without value.
- Fixed Period Certain Annuity - The monthly income will be paid for a fixed period. If the annuitant dies before the fixed period ends, the beneficiary will continue to receive the payments for the remainder of the fixed period.
- Period Certain & Life Annuity - The monthly income will be paid for as long as the annuitant lives, with an added fixed period guarantee. If the annuitant dies before the guaranteed fixed period ends, the beneficiary will continue to receive the payments for the remainder of the fixed period. If the annuitant dies after the guaranteed fixed period, there will be no death benefit payable to the beneficiary.
- Period Certain & Life Joint Annuity - The monthly income will be paid for as long as the annuitant lives, with an added fixed period guarantee. While the primary annuitant is the sole survivor, the annuity payment will be reduced to the amount shown in the contract. While the joint annuitant is the sole survivor, the annuity payment will be reduced to the amount shown in the contract. If both annuitants die before the guaranteed fixed period, the beneficiary will continue to receive the payments for the remainder of the fixed period. If both annuitants pass away after the fixed period, no death benefit will be payable.

SUITABILITY REQUIREMENTS

Needs Based Selling and Suitability Guidelines:

- Performing a needs analysis helps to ensure that your clients get the product and amount of coverage that comes closest to meeting their objectives.
- Determining the suitability of a particular insurance or annuity product for a particular client is one of the most important services you can provide. It is a critical element of every sale. A purchase recommendation is suitable when it is appropriate for your client's insurable needs, financial objectives and affordability.
- Some states have adopted suitability regulations governing individual insurance and annuity certificates. The regulations generally require that you must have reasonable grounds for believing the policy or annuity certificate you recommend is suitable for the client based upon the information supplied to you.
- To address your client's needs and meet suitability compliance standards for annuities:
 1. Educate Clients. Make certain that clients know how the policy or certificate operates, including any premium payments, fees, penalties, interest rates and potential risks. Emphasize that annuities

are long-term purchases and explain the potential risks. Explain the difference between “tax free” and “tax deferred”.

2. Do complete fact-finding, which includes reasonable efforts to obtain your client’s age, occupation, educational background, financial status, tax status, investment objectives, retirement and financial plans and other information you need to make a purchase recommendation.
 3. Help clients select the right product based on their purchase needs, risk tolerance and financial means.
 4. Use the state-required suitability forms provided. Completion of the form will assist you in obtaining the key information needed about the annuity.
 5. Provide a balanced presentation of the features, benefits and restrictions for products that you recommend. Avoid overemphasizing any one benefit, such as tax-favored advantages for annuity interest or life insurance proceeds.
 6. Follow up with your client on the first anniversary.
- Protection in Annuity Transactions:
Over the past several years, the NAIC established model regulations to better protect annuity consumers from unsuitable and abusive sales and marketing practices. These model regulations initially set forth standards and procedures for making recommendations to senior consumers that result in a transaction involving annuity products. The model regulations later evolved to cover all consumers.

The standards and procedures help assure that an insurance producer appropriately addresses the insurance needs and financial objectives of consumers at the time of the transaction. Specifically in annuity transactions, was adopted by the NAIC on December 21, 2009 to:

1. Hold insurers responsible for ensuring that annuity transactions are suitable by establishing a system to supervise agents’ recommendations to consumers.
2. Require that agents be trained on the provisions of the annuities in general and the specific products you are selling.

Western Catholic Union reviews each application and suitability form to make certain that it is to the best interest of the applicant. Based on the facts entered on the suitability form by the applicant as to their financial situation, needs, investments and other products, the insurance producer and insurer must have reasonable grounds for believing that the annuity recommendation is suitable for the consumer.

- Obligations of Insurance Producers and Insurers to Determine Suitability:
Prior to recommending a particular annuity to a consumer, an insurer or producer must obtain the consumer’s suitability information.

Suitability Information means information that is reasonably appropriate to determine the suitability of a recommendation, including the following:

1. Age of Annuitant
2. Annual income of the Annuitant
3. Financial situation and needs, including the financial resources used for the funding of the annuity
4. Financial experience of the annuitant
5. Financial objectives of the annuitant
6. Intended use of the annuity
7. Financial time horizon of the annuity (maximum value)
8. Existing assets, including investments and life insurance holdings
9. Liquidity needs
10. Liquid net worth
11. Risk tolerance
12. Tax status

By having the annuitant complete the Suitability Form, the annuitant and you agree that the proposed annuity is suitable for the financial needs and objectives of your client.

Request any other information that may apply in relation to the annuity purchase or exchange. Explain the advantages and disadvantages of a consumer purchasing or exchanging an annuity.

Follow the laws of the state where you write business. If you have questions regarding the suitability of annuity transactions, please contact the Sales Department at 217-228-6308.

RIGHT TO CANCEL FOR ALL ANNUITY PLANS

- The owner may cancel the certificate before midnight of the 30th day from the date of contract receipt
- Cancellation shall be by delivering or mailing a written notice to us at the address shown above or our authorized agent
- Return of the certificate is required. The money will be returned within 10 days after receiving the request in our home office.

MAINTENANCE OF SOLVENCY

Western Catholic Union is a Fraternal Benefit Society organized under the laws of the State of IL. All Fraternal Benefit Societies in the United States have the Maintenance of Solvency provision in their certificates as it appears below:

“The provision for the single or flexible premiums and the benefits provided by this contract are not subject to change. In the event a deficiency occurs, and such deficiency will impair our solvency, we will levy special assessments to provide for our legal reserves and other liabilities. When a deficiency exists, we will determine and levy an equitable proportion of the deficiency against this contract. If payment is not made, the Owner may choose, within 30 days of the notice of the levy, that the deficiency be applied as a proportionate reduction in benefits provided by the contract. If the Owner does not exercise an option within 30 days of the notification of the levy, we shall reduce proportionally any benefit payable under the contract.”

COMPLETE AND SIGN

As an insurance agent, duly licensed to write annuities in the State of _____, I understand and acknowledge that:

- I have/may have been required under the State of _____ to obtain 4 continuing education credits by a state approved vendor offering an Annuity Products Course (APC).
- I must provide proof of my completion of an APC for Western Catholic Union’s records prior to submitting an annuity application to them.
- Western Catholic Union has provided me with their Product Specific Training (PST) regarding their annuity products.
- The PST is unrelated to the APC also required by the state and, in fact, is specifically related to the fixed annuities that I may sell only as an agent for Western Catholic Union.
- Western Catholic Union requires written acknowledgement of my understanding of these rules and I have received and reviewed the aforementioned PST.

Therefore, I hereby certify that I have obtained and reviewed the required PST from Western Catholic Union.

X Agent’s Printed Name: _____

X Agent’s Signature: _____ Date: _____

X Agent Number: _____

RETURN THIS PAGE TO WCU ONCE COMPLETED.