



P.O. Box 351920  
Westminster, Colorado 80035-1920  
(303) 451-1494 / Fax: (303) 459-5154  
Toll Free: 1 (800) 451-7528  
E-mail: info@wsalife.com

## **WSA Integrinity** **Tax-Deferred Annuity (Flexible or Single Premium)**

(Form #'s: WSA-FPDA-1/2017, WSA-FPDA-1/2017-MN, WSA-FPDA-1/2017-UT)

WSA's annuity is a tax-deferred savings vehicle in which interest earnings are not taxed until a withdrawal is made. An annuity is meant as a long-term savings vehicle. WSA imposes penalties on withdrawals during the first five years of the annuity. The IRS charges a penalty on withdrawals made prior to age 59 ½.

### ***Interest***

WSA credits interest on an annual basis. Interest is credited on the anniversary date (the opening date / date of first deposit) of the annuity. Interest is calculated on an "average daily balance"; thus, if withdrawals and/or deposits are made during the year, this will affect the amount of interest credited on the anniversary date.

Interest rates are guaranteed for the period specified in the contract (i.e. one year, five years, etc.) After the guarantee period, the renewal rate is not guaranteed; however, at no time will the interest rate fall below 3.0%. Once the guarantee period has passed, the annuity's interest rate will be set on each subsequent anniversary date. Each rate will remain in effect for one year until the next anniversary date.

Renewal interest rates are set by WSA's Investment Committee and are reviewed *at least quarterly*. The rate is calculated using investment performance criteria as determined by the Committee.

### ***Withdrawals / Surrender Charges***

Withdrawals are allowed at any time. Depending on the duration of the annuity, withdrawals may be subject to surrender charges by WSA, the IRS or both.

During the first five years of the contract the annuity is subject to an early withdrawal penalty by WSA. The early withdrawal penalty period begins as of the opening date of the annuity. Additional deposits do not extend the penalty rate period.

The WSA early withdrawal penalty rate is as follows\*:

- During the first two years – 7%
- During the third year – 6%
- During the fourth year – 5%
- During the fifth year – 3%
- During the sixth year and thereafter – no WSA penalties apply

\*After the first year, withdrawals of up to 10% each year are allowed without a penalty from WSA (IRS penalties still apply if you are under age 59 ½). These penalty-free withdrawals are non-cumulative. In other words, if a penalty-free

withdrawal is not taken in one year, the maximum allowable in other years is still 10% (prior to the expiration of the penalty period).

If applicable, for non-qualified (non-IRA) annuities, the interest portion of any withdrawal made prior to age 59 ½ is subject to a 10% early withdrawal penalty by the IRS. This penalty is in addition to WSA surrender charges.

Withdrawals are reported as interest first, then principal. For example, if an annuity began with an after-tax (non-IRA) deposit of \$10,000 and accumulated \$5,000 of interest, a withdrawal of \$2,500 would be reported as fully taxable. If the same annuity were to make a withdrawal of \$5,001 instead, then \$5,000 would be interest and \$1 would be principal, etc.

An income option is available in which the taxability of withdrawals can be spread over the lifetime of the annuity – this option is called an “annuitization”. If this option is chosen, then the annuitant is guaranteed an interest rate and payments are guaranteed for the period specified (the “period certain”). Another option is to have payments guaranteed for the period certain *and* the lifetime of the annuitant. Finally, an option exists in which payments are guaranteed only for the lifetime of the annuitant (the annuity will cease upon the death of the annuitant). In every case, the amount of the payment is determined using the interest rate, the duration of the period certain and/or the age of the annuitant (if applicable). Once issued, the amount of the payment will not change and the contract cannot be modified.

### ***Death Benefit***

The death benefit is calculated by crediting interest on the average daily balance from the most recent anniversary date to the date of processing of the death claim. Surrender charges do not apply to the death benefit.

### ***Request for Value***

An annuitant is provided the value of the annuity at two times each year: once during the anniversary month of the annuity and once at the end of the year. The annuitant can also obtain the value of the annuity by calling, writing or emailing WSA.

### ***Qualified vs. Non-Qualified Annuities***

A WSA annuity may be opened only as a “non-qualified” annuity. “Qualified” annuities (i.e. an IRA, SEP, or 401(k)) are no longer offered by WSA.