

Terminal Funding

A Pension Plan Group Annuity Buyout

A Terminal Funding or Annuity Buyout contract is a Single Premium Group Annuity (SPGA) product that can guarantee benefits of a pension plan's retired, active or deferred vested participants. The insurer determines the present value, or premium, needed to purchase a group contract through which the employer or plan sponsor can transfer selected plan liabilities in the form of fixed or variable annuities for each plan member. Buyouts are typically used in cases of plan termination or settlements, often in conjunction with corporate restructuring.

AIG's Pension business is marked by solid sales growth, very strong financial ratings and a well-deserved reputation for first-rate contract and participant services. For more than 30 years, pension managers and consultants, financial services brokers, plan sponsors, and, most importantly, the plan participants they serve, have benefited from our underwriting expertise, financial stability and continued focus on excellence in this niche market.

PRODUCT APPLICATIONS

- **PENSION PLAN TERMINATION**
 - Replacement with 401(k) program
 - Mergers and acquisitions
 - Bankruptcy and financial hardship
 - Frozen plans
- **SETTLEMENTS**
 - Accounting gains (FAS 87 / 88)
 - Expense savings for terminated vested or retired participants
 - Risk transfer

PLAN SPONSOR BENEFITS

- An efficient way to shift benefit liabilities to insurance companies
- Reduce a pension plan's investment and actuarial risks
- Experienced underwriting/actuarial team with extensive defined benefit plan knowledge
- Full-service benefit administration, customer service staff and tax reporting
- Annuity Benefit commencement calculations and forms for deferred annuitants
- Satisfy Department of Labor "safest available provider" rule for insurer selection

PLACING A CONTRACT (INTERMEDIARY VIEW)

- Develop "Request for Proposal" (bid specifications), determine plan sufficiency
- Obtain current estimate of contract cost from insurance company
- Conduct "due diligence" search
- Solicit qualified annuity providers
- Perform bid and placement of contract

AIG PENSIONS SUPPORT LET US SHOW YOU HOW TO:

- Coordinate placement
- Develop a suitable timetable
- Obtain / Develop bid specifications
- Answer broker / client inquires and follow-up
- Provide due diligence (credit quality) information and discuss plan provisions

FOR MORE INFORMATION

For more details about Annuity Buyouts, please contact:

Richard Weiss, Assistant Vice-President Pensions at 212.770.2334, richard.weiss@aig.com

AIG Life Insurance Company • American International Life Assurance Company of New York

Agency	Basis	Rating
Standard & Poor's Corp.	Financial Strength	AA+ (Very Strong)
A.M. Best Company	Financial Strength	A+ (Superior)
Fitch	Financial Strength	AA+ (Very Strong)
Moody's Investor Services	Financial Strength	Aa2 (Excellent)

Additional information on the ratings issued by the independent rating agencies referenced above can be found on the Web sites maintained by the agencies.