

Single Premium Group Annuity (SPGA)

Contracts for Terminating and Frozen Defined Benefit Pension Plans

**American
General**
Life Companies

A Single Premium Group Annuity (SPGA) or, Terminal Funding Annuity contract is purchased by an employer that has decided to terminate their defined benefit pension plan and, as required by regulation, transfer accrued benefit liabilities into a life insurer's irrevocable group annuity contract. The insurer determines the present value, or premium, needed to purchase the contract which provides a guaranteed, fixed immediate or deferred annuity for each plan member, and includes participant administration services.

Employers with defined benefit plans include Corporations, Unions, Hospitals, State & Local Governments, and Foundations. Plan size may be from \$1 million to the billions. Plan types include traditional DB plans, Cash Balance and Money Purchase plans. Each plan contains unique provisions and receives a customized contract.

For more than 30 years, we have built an established, well-respected SPGA market presence with a reputation for creating customized solutions for clients' complex pension programs. Brokers and Financial Advisors, C-Level Executives and pension consultants recognize and recommend American General as an experienced provider that delivers high quality, customized contracts backed by expertise and personal service with efficiency and reliability.

PRODUCT APPLICATIONS

PENSION PLAN TERMINATION and SETTLEMENTS

- Replacement with 401(k) program
- Mergers and acquisitions
- Restructuring, bankruptcy and financial hardship
- Frozen plans with "inactive" liabilities
- Non-qualified annuity buyout of executive Deferred Compensation arrangement (e.g., SERP)

EMPLOYER BENEFITS

- Eliminate plan risks, including interest rate, investment, longevity, early retirement, volatility
- Eliminate plan expenses – **"exit" the pension plan business** – and end PBGC premiums, employer contributions, actuarial and investment consulting costs, asset-based fees, and plan administration costs.
- Includes all expenses in premium – NO recurring contract fees
- Includes full-service benefit administration, participant services staff and tax reporting
- Includes annuity calculations, benefit commencement forms for deferred annuitants

PRODUCER OPPORTUNITY AND SUPPORT

LET US SHOW YOU HOW TO:

- Engage and educate your client about the product, process and market – gain knowledge.
- Obtain real-time, accurate quotes to help client determine plan asset sufficiency
- Navigate the annuity transaction and ensure your role as the Broker of Record
- Develop quote specifications from plan materials and coordinate suitable timetable for asset distribution
- Document placement process to satisfy fiduciary due diligence requirements
- Negotiate cost and terms of contract
- Confidently answer client questions and interact with other plan advisors
- Earn Commission on the transaction with an approved carrier

FOR MORE INFORMATION

For details and assistance with your client's *pension plan termination SPGA*, please contact:

Richard Weiss, VP, Pensions at 908.334.4631, or email richard.weiss@aig.com

The underwriting risks, financial and contractual obligations and support functions associated with the annuities issued by American General Life Insurance Company and The United States Life Insurance Company in the City of New York are the issuing insurer's responsibility. Guarantees are subject to the claims-paying ability of the issuing insurer. AGL is not licensed to do business in NY. USL is licensed to do business in NY.

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