

# Secured Rate Annuities At The Standard

A Rewarding Combination Of Safety, Tax Deferral And Choice



Standard Insurance Company  
Secured Rate Annuities





## A Deferred Annuity Is An Insurance Contract

A deferred annuity contract is chiefly a vehicle for accumulating savings and eventually distributing the value – either as a payment stream or as a one-time, lump-sum payment. All varieties of deferred annuities have one thing in common: the increase in account value is not taxed until those gains are withdrawn (or paid out). This is also known as tax-deferred growth.

Annuity contracts in the U.S. are defined by the Internal Revenue Code. They have features of both life insurance and investment products, but are only allowed to be sold by insurance companies. And because insurance companies are regulated by individual states, some contracts, features and options may not be available or may not be exactly the same in all states.

## Safety First Is The Guiding Principle

The Secured Rate Annuity offers optimized growth potential while providing strong guarantees to protect hard-earned savings. This annuity is an ideal choice for a security-focused saver who appreciates the benefits of tax-deferred growth, principal protection and generous access to funds. Few taxable vehicles can provide this blend of security, growth and flexibility.

### Principal Guarantee

The owner is always guaranteed never to receive less than 100 percent of premium, net of any withdrawals or loans taken.

### Rate Guarantees

The annuity account will be credited an interest rate that is guaranteed for a time period ranging from one to six years, depending on the option selected. After that guarantee period, the contract will receive subsequent renewal rates based on the current economic and interest-rate environment. The annuity contract is assigned a guaranteed minimum rate; the renewal rate will never be set below this rate. Interest is calculated and credited daily.

### Unique Feature: Bonus Interest With A Guarantee

With the Secured Rate Annuity 1, the annuity is credited one percent additional interest for the first year.

The Secured Rate Annuity 1 contract is assigned a bailout interest rate that is equal to one percent less than the initial rate for years two through five and two percent less than the initial rate in year six. If a renewal rate ever is declared below that bailout rate, funds may be withdrawn without surrender charge (while the rate is below the bailout rate).



**Tax-deferred annuities benefit from the effect of “triple-compounding,” meaning that an annuity earns interest on the *principal* (initial premium payment); on the *interest* itself (amount credited as account growth based on the contract interest rate); and on the amount that would have been paid as income *taxes*.**

Annuities are intended as long-term savings vehicles.

The Secured Rate Annuity is a product of Standard Insurance Company. It may not be available in some states. The annuity is not guaranteed by any bank or credit union and is not insured by the FDIC or any other governmental agency. The purchase of an annuity is not a provision or condition of any bank or credit union activity. Some annuities may go down in value.

The guarantees of the annuity are based on the financial strength and claims-paying ability of Standard Insurance Company. An annuity should not be purchased as a short-term investment.

Policy SRA (9/00), SRA-B (9/01), SRA-B (6/03)

Rider R-DB (7/04), SWO-DEF (9/01),  
R-ERTSA (11/08), R-NERTSA (11/08),  
IRA (7/02), Roth IRA (7/02), R-QPP (9/03)



## Surrender Charge Period

Unlike short-term savings products, deferred annuities are designed and priced for long-term retirement savings. Part of this design relies on the fact that the advantages of tax deferral work best when the annuity's growth is allowed to compound over time. So, though all or a portion of the funds may be withdrawn at any time, early withdrawals are discouraged and are subject to surrender charges.

Expressed as a percentage of the annuity's total value, these charges diminish to zero over time. This schedule is in effect for only one period during the life of the contract and will not reset.

Please note that the surrender charges are not a part of or associated with any state or federal taxes imposed on a distribution or with the IRS pre-age-59½ tax penalty that may apply to a withdrawal. Surrender charges are in addition to any applicable state or federal taxes or penalties.

## Comparison Of The Secured Rate Annuity Series

Secured Rate Annuity	Interest Rate Guarantee	Surrender Charge Period	Bonus Interest Feature	Bailout Interest Rate Feature	Persistency Bonus Feature
1	1 year	6 years	Yes	Yes	Yes
5	5 years	5 years	No	No	No
6	6 years	6 years	No	No	No

## Secured Rate Annuity 1

A withdrawal in...	results in a...
year 1	7% surrender charge
year 2	7% surrender charge
year 3	7% surrender charge
year 4	6% surrender charge
year 5	5% surrender charge
year 6	3% surrender charge
year 7+	0% surrender charge

## Secured Rate Annuity 5

A withdrawal in...	results in a...
year 1	9% surrender charge
year 2	8% surrender charge
year 3	7% surrender charge
year 4	6% surrender charge
year 5	5% surrender charge
year 6+	0% surrender charge

## Secured Rate Annuity 6

A withdrawal in...	results in a...
year 1	9% surrender charge
year 2	8% surrender charge
year 3	7% surrender charge
year 4	6% surrender charge
year 5	5% surrender charge
year 6	4% surrender charge
year 7+	0% surrender charge

Withdrawals must be at least \$500, and a minimum balance of \$2,000 must be maintained. An additional 10% IRS penalty may apply to withdrawals before age 59½.

## Accessing Funds

While withdrawals are discouraged until the annuity has completed its surrender charge period, some are permitted under certain circumstances. There are no surrender charges associated with the following options, but an IRS penalty may apply before age 59½.

### Interest Payments

After 30 days, regular withdrawals of interest earnings may be made on the schedule requested.

### 10 Percent Annual Withdrawals

After the first contract year, annual withdrawals of up to 10 percent of the annuity value may be made. This percent would be inclusive of all withdrawals.

### 403(b) Tax-Sheltered Annuity Loans

If the annuity contract is held as a 403(b) Tax-Sheltered Annuity, loans may be available from the contract.

### Required Minimum Distributions

If the contract is held as a tax-qualified plan, IRS Required Minimum Distributions may be made on the schedule requested.

### Substantially Equal Periodic Payments

Beginning immediately, IRS 72(t) or 72(q) withdrawals may be made on the schedule requested.

### Life-Changing Scenarios

After the first contract year, if the owner becomes a nursing-home resident for 30 or more consecutive days or is diagnosed with a terminal condition, withdrawals may be made.<sup>1</sup>

### Annuitization

At any time the annuity may be converted to a payout annuity with The Standard.

### Death Benefits

Beginning immediately, upon the death of the annuitant the full annuity value is payable as death benefits to the named beneficiary.

## Innovative Contract Feature

### Unique Feature: Reward For Long-Term Saving

With the Secured Rate Annuity 1, at the end of the seventh year the annuity will be credited one percent of the initial premium; at the end of each subsequent year the annuity will be credited 0.25 percent of the initial premium.

### Eligibility

A Secured Rate Annuity may be established for an owner and annuitant age 90 or younger. The minimum premium amount is \$15,000 and the maximum is \$1,000,000. Greater amounts may be considered, but must receive home-office approval prior to application.

### Tax-Qualification Options

This annuity may be established as an Individual Retirement Annuity, 403(b) Tax-Sheltered Annuity or Simplified Employee Pension to initiate or continue a qualified retirement savings account.

Lump-sum deposits and complete or partial exchanges of non-qualified funds may also be accepted into this annuity.

### Advantages Of Tax Deferral

Taxes will be due only when withdrawals or distributions are made from the annuity. This will generally be during retirement, when most people find themselves in a lower tax bracket. As a result, interest accumulates on principal, earnings and on money otherwise paid in income taxes.

### Time To Reflect On The Purchase

From the date the annuity contract is delivered, an owner has 30 days to consider the purchase. If the transaction is terminated during those 30 days, Standard Insurance Company will return all premium, net of any withdrawals taken.

<sup>1</sup> An applicant currently confined to a nursing home will not be eligible for the nursing-home waiver. The nursing-home waiver is not available in Massachusetts and state-specific conditions may apply to the terminal-condition waiver.

## A Guaranteed Income For Life

Annuitization is precisely why many people buy an annuity — to insure against outliving an income. By annuitizing a deferred annuity, a change is made from accumulating savings to generating a guaranteed income stream.

While annuitization may occur at any time, most will consider this option in the transition from the accumulation to the income stage of retirement. It's an option that:

- Provides a guaranteed income stream;
- Can set payments to meet the IRS Required Minimum Distribution; and
- Allows payment of taxes on smaller, regular payments instead of a lump sum.

## Income Options

### Life Income

A guaranteed income for as long as the annuitant lives. Payments will cease upon the death of the annuitant.

### Life Income With Installment Refund

A guaranteed income for as long as the annuitant lives. The total payments will never be less than the total of the funds paid to purchase this option. If the annuitant dies before receiving at least that amount, payments continue to the beneficiary until the full amount is repaid (or may be commuted to a lump-sum payment).

### Life Income With Certain Period

A guaranteed income for as long as the annuitant lives. If the annuitant dies prior to the end of the period specified (5, 10, 15 or 20 years), payments continue to the beneficiary until the end of the period (or may be commuted to a lump-sum payment).

### Joint And Survivor Life Income

A guaranteed income for as long as both annuitants live. When either annuitant dies, payments will continue at 50 percent, 66⅔ percent, 75 percent or 100 percent of the payments received when both were living. Payments will cease upon death of both annuitants.

### Joint And Survivor Life Income With Installment Refund

A guaranteed income for as long as both annuitants live. The total payments will never be less than the total of the funds paid to purchase this option. If both annuitants die before receiving at least that amount, payments continue to the beneficiary until the full amount is repaid (or may be commuted to a lump-sum payment).

### Joint And Survivor Life Income With Certain Period

A guaranteed income for as long as both annuitants live. When either annuitant dies, payments will continue at 100 percent of the payments received when both were living. If both annuitants die prior to the end of the period specified (5, 10, 15 or 20 years), payments continue to the beneficiary until the end of the period (or may be commuted to a lump-sum payment).

### Joint And Contingent Survivor Life Income

A guaranteed income for as long as both annuitants live. If the primary annuitant dies first, payments will continue at 50 percent of the payments received when both were living. If the contingent annuitant dies first, payments will continue at 100 percent of the payments received when both were living. Payments will cease upon death of both annuitants.

### Certain Period

A guaranteed income for a time period chosen (5, 10, 15 or 20 years). At any time, benefits may be commuted to a lump-sum payment. If the annuitant dies prior to the end of the period specified, payments continue to the beneficiary until the end of the period (or may be commuted to a lump-sum payment).



**J. Greg Ness**  
Chairman, President and CEO

### Standard Insurance Company Financial Strength Ratings

A+ (Strong) by Standard & Poor's  
5th of 20 rankings  
A2 (Good) by Moody's  
6th of 21 rankings  
A (Excellent) by A.M. Best\*  
3rd of 13 rankings  
As of January 2013

\* Rating includes The Standard Life Insurance Company of New York

### StanCorp Financial Group Long Term Senior Debt Ratings

Standard & Poor's: BBB+  
Moody's: Baa2  
A.M. Best: bbb  
As of January 2013

#### Balance Sheet As Of December 31, 2012

Assets	\$ 19.79 billion
Fixed Maturity Securities	56.5%
	of invested assets
A- or Higher	66.2%
BBB- to BBB+	28.4%
BB- to BB+	3.8%
B- or Lower	1.6%
Commercial Mortgage Loans	41.4%
	of invested assets
60-Day Delinquencies	0.40%
Other	2.1%
	of invested assets
Portfolio Yields	
Fixed Maturity Securities	4.66%
Commercial Mortgage Loans	6.09 %

#### 2012 Segment Data (Dollars In Millions)

<b>Revenues</b>	
Insurance Services	\$ 2,510.8
Asset Management	404.1
Other	(16.5)
Total	\$ 2,898.4
<b>Income before income taxes</b>	
Insurance Services	\$ 179.8
Asset Management	64.0
Other	(60.4)
Total	\$ 183.4

## Our Financial Strength

For an insurance and asset management company, there is nothing more important than financial strength. Our customers and shareholders alike must be confident that we will be there regardless of the current economic environment. We take this responsibility very seriously and back it up with our disciplined business practices, sound investment strategies and unique industry expertise.

While various other financial institutions have struggled with their business mix and capital levels, at The Standard, we have maintained our focus on providing excellent customer service while still seeking attractive business opportunities. By approaching our commitments with a long-term perspective, we are able to invest for our customers and build value for our shareholders.

Our balance sheet is the cornerstone of our financial strength and has provided us with a foundation for profitability through a wide range of economic cycles.

### Bond Portfolio

Our bond portfolio is strong. Our strategy is to maintain a diversified portfolio of high-quality, fixed-maturity securities to keep us well-protected should any industries experience difficulties.

- Average portfolio rating of "A-" as measured by Standard & Poor's
- No direct exposure to sub-prime or alt-A mortgages

### Commercial Mortgage Loan Portfolio

Our commercial mortgage loans have consistently provided a superior balance of risk and return. We offer small commercial mortgage loans to borrowers who want a fixed rate over time, and we rigorously underwrite every commercial mortgage loan we make. The quality of our commercial mortgage loans is excellent, and our delinquency rates are very low.

- \$5.27 billion portfolio (on more than 6,320 loans)
- Average loan size: approximately \$0.8 million

### The Standard Stands The Test Of Time

In the August 2012 issue of Best's Review, Standard Insurance Company was recognized for maintaining an "A" rating or higher from A.M. Best Company since 1928. The Standard was honored to be among one of only 11 life/health insurers to consistently achieve an "A" rating or higher for more than 75 years. Given the rapidly evolving markets, changing customer needs and challenging economic times, this is a significant accomplishment. We are proud of this longstanding track record of financial strength.

### Corporate Profile

StanCorp Financial Group, Inc., through its subsidiaries marketed as The Standard — Standard Insurance Company, The Standard Life Insurance Company of New York, Standard Retirement Services, StanCorp Mortgage Investors, StanCorp Investment Advisers, StanCorp Real Estate and StanCorp Equities — is a leading provider of financial products and services. StanCorp's subsidiaries offer group and individual disability insurance, group life and accidental death and dismemberment insurance, group dental and group vision insurance, absence management services, retirement plans products and services, individual annuities, origination and servicing of fixed-rate commercial mortgage loans and investment advice. For more information about StanCorp Financial Group, Inc., visit its investor website at [www.stancorpfinc.com](http://www.stancorpfinc.com).



The Standard is a marketing name for StanCorp Financial Group, Inc. and subsidiaries. Insurance products are offered by Standard Insurance Company of Portland, Oregon in all states except New York, where insurance products are offered by The Standard Life Insurance Company of New York of White Plains, New York. Product features and availability vary by state and company, and are solely the responsibility of each subsidiary. Except where indicated, data represents consolidated results for StanCorp Financial Group, a separate entity which is not responsible for the financial condition or obligations of the insurance subsidiaries.

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SRA (9/00), SRA-B (9/01), SRA-B (6/03)

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