



Refund Options

Installment Refund

Under this option, guaranteed income would be paid during your lifetime, but if you should die before the income paid to you equals the initial premium you paid, income payments would continue to your beneficiary until the amount of the income payments equals the initial premium paid.

Cash Refund

This option is similar to the Installment Refund option, except that if you should die before the income paid to you equals the initial premium you paid, the balance would be paid to your beneficiary in a lump sum.

The Cost of Living Adjustment (COLA) is not available with either of the above Refund income options.

Unexpected Changes

Although you may purchase the Palladium® Single Premium Immediate Annuity for the security of receiving guaranteed income payments, you may find after a period of time that you need a lump sum instead of regular income payments. If this unexpected cash need arises, the Palladium® Single Premium Immediate Annuity has two options that may help:

Partial Withdrawal

If you need only a portion of your annuity funds, you may request a partial withdrawal after your annuity has been in force for three full contract years. This partial withdrawal is available on all options. You can request the partial withdrawal, beginning your fourth contract year, for up to 10% of the commuted value of the income payments remaining in the annuity without underwriting. You must withdraw at least \$2,000 and a commutation charge will be assessed on the commuted value of your contract upon withdrawal.

If you request more than 10% of the commuted value of your annuity, underwriting may be required at the time the withdrawal is requested.

After you withdraw the funds, your future income payments will be adjusted based on your age at the time of the withdrawal. You will have to surrender your old annuity contract, and American National will issue a new contract with a new income payment schedule.

Full Surrender

If you require a large sum, you may need to consider a full surrender of the remaining balance in your annuity. This option is available to you after your annuity has been in force for three full contract years. As with a partial withdrawal, a commutation charge will be assessed on the commuted value of your contract, and if your annuity has a Life option, underwriting may be required at the time you request surrender.

Commuted Value

The commuted value of your annuity contract is calculated using a commutation interest rate, the commutation charge, and remaining life expectancy and period certain as determined by underwriting at the time the partial withdrawal or full surrender is requested. Commutation is not available in all states.

Commutation Charge

If you request either a Partial Withdrawal or Full Surrender of your annuity, a commutation charge will be assessed as follows:

Year:	1	2	3	4	5	6	7	8	9	10	11+
	-	-	-	10%	9%	7%	5%	4%	3%	2%	0%

Partial withdrawal or full surrender is not allowed in the first three contract years.

Before considering either a Partial Withdrawal or Full Surrender of your contract, you may wish to consider other sources for needed funds because of the charges associated with these options, the decrease or loss of future income, and the negative effect on the possible death benefit payable on period certain income options.

The Palladium® Single Premium Immediate Annuity Plan Overview

- **Issue Ages:** – 0-90 (Period Certain Only)
– 5-90 (Life-contingent Income Options)
- **Minimum Single Premium:** – \$15,000 (Non Qualified Funds)
– \$3,500 (Qualified Funds)
- **Maximum Single Premium:** – \$1,000,000 (Period Certain Only)
– \$2,000,000 (Life-Contingent Income Options)
Without prior approval from American National
- **Income Payment Frequency:** – Annual, Semiannual, Quarterly, and Monthly
- **Income Payment Options:**
 - Life Only
 - Period Certain from 5 – 30 years
 - Life with a Period Certain from 5 – 20 Years
 - Joint & Last Survivor with 50%, 60%, 66.67%, 75%, or 100% paid to the survivor, with or without a period certain period of 5 – 20 years
 - Joint & Spouse with 50%, 60%, 66.67%, 75%, or 100% paid to the spouse with or without a period certain of 5 – 20 years
 - Installment Refund
 - Cash Refund
- **Cost of Living Adjustment** – Available for either Simple or Compound annual interest adjustments of 1 – 5% on all income options except Installment Refund and Cash Refund.

• **Death Benefit:** – Available on all options allowing remaining income payable under the terms of the contract.

• **Partial Withdrawals:** – Available after 3 full contract years, for up to 10% of commuted value without Underwriting, on all life-contingent options. Minimum withdrawal amount is \$2,000.

• **Full Surrender:** – Allowed on all income options after 3 full contract years. Underwriting may be required on life-contingent options.

Partial Withdrawals and Full Surrender may not be available in all states. Commutation interest may not be applicable in all states. A commutation charge will be assessed on partial withdrawals and full surrenders.

This brochure has been prepared for persons considering the purchase of The Palladium® Single Premium Immediate Annuity issued American National Insurance Company of Galveston, Texas. This contract has limitations. The brochure is intended to give basic information about the product. You should also read and understand the Disclosure, Form 10258, before completing your purchase. For specific provisions, refer to Form NSPA.

American National Insurance Company

American National Insurance Company (“American National”) has been evaluated and assigned the following ratings by nationally recognized, independent rating agencies. The ratings are current as of November 2009.

A.M. Best’s Rating: A (Excellent)

3rd highest of 13 active company ratings¹ “An excellent ability to meet their ongoing insurance obligations”

Standard & Poor’s Rating: AA- (Very Strong)

4th highest of 20 active company ratings² “Very strong financial security characteristics, differing only slightly from those rated higher”

Ratings reflect current independent opinions of the financial capacity of an insurance organization to meet the obligations of its insurance policies and contracts in accordance with their terms. They are based on comprehensive quantitative and qualitative evaluations of the company and its management strategy. The rating agencies do not provide ratings as a recommendation to purchase insurance or annuities. The ratings are not a warranty of an insurer’s current or future ability to meet its contractual obligations.

Ratings may be changed, suspended, or withdrawn at any time. For the most current ratings view the full rating reports on American National’s Internet site at www.anico.com.

¹ A.M. Best’s active company rating scale is: A++ (Superior), A+ (Superior), A (Excellent), A- (Excellent), B++ (Good), B+ (Good), B (Fair), B- (Fair), C++ (Marginal), C+ (Marginal), C (Weak), C- (Weak) and D (Poor).

² Standard & Poor’s active company rating scale is: AAA (Extremely Strong), AA (Very Strong), A (Strong), BBB (Good), BB (Marginal), B (Weak); CCC (Very Weak), and CC (Extremely Weak). Plus (+) or Minus (-) modifiers show the relative standing within the categories from AA to CCC.

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AMERICAN NATIONAL INSURANCE COMPANY
One Moody Plaza, Galveston, Texas 77550-7999

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Palladium®

Single Premium Immediate Annuity With Cost Of Living Adjustment



Income For Now...
Income For Life!

A Single Premium Immediate Annuity Issued By



Income for Your Needs – Now and in the Future

When we plan for our financial needs, we are usually looking at short-term needs such as making mortgage payments and meeting normal day-to-day expenses. More and more, however, we wonder whether the income we have today will last as long as we live. This is a real concern as people are living longer than ever, but our future income stream may not last as long as our future income needs.

One solution that will provide a guaranteed stream of income payments is a single premium immediate annuity. With a single premium immediate annuity, you can convert a lump sum payment today into guaranteed income that will last as long as you choose, whether for a specified period or for life.

In addition to the peace of mind you'll have knowing that you'll never outlive the income for the period you choose, you also won't have to worry about managing those funds to be sure your future income doesn't change. You have the security of knowing that the insurer guarantees the single premium you pay for the immediate annuity, and your income payout is not subject to the fluctuation of future financial markets.

Safety of principal, security of future income payments, and simplicity of function are all hallmarks of a single premium immediate annuity.

Choosing Your Income

Your single premium immediate annuity will provide a guaranteed income based on a number of choices you make: the amount of the premium you pay, how long and how often you choose to receive the income, additional options available in the annuity, such as a cost of living adjustment, and the rate that is in effect at the time you purchase the annuity.

You could choose to purchase an immediate annuity as a way to receive regularly scheduled income payments from a retirement package, investment proceeds, court-awarded benefits, or other lump-sum funds. You also choose how often you want to receive income payments, whether monthly, quarterly, semiannually or annually, and whether you want to receive them for a specific period of time or for life. You can also choose to share the

income payments with a spouse, or perhaps provide income payments to a spouse after you die. There are many income options—the choice is yours.

Managing Your Income

Spreading taxable income over a number of years through an immediate annuity may also help you manage your liability.¹ If you purchase an annuity with non-qualified funds, meaning that no part of the funds have enjoyed any tax-sheltered status and on which you have already paid taxes, a part of the income you would receive from the immediate annuity would be excluded from taxation since it is considered a return of your previously taxed funds. The remaining portion of the income you would receive is taxable growth, but that growth, and the taxes thereon, are spread over the life of the immediate annuity. There may be other tax benefits that apply in your personal situation, and your attorney or tax advisor can provide the advice you need in that area.

Income for Your Special Needs

You may choose a single premium immediate annuity to provide for a particular need, such as providing long-term care coverage or special education needs for a family member. You may want to direct the income payments to pay insurance premiums, insuring that valuable coverage will be available when it is most needed. You could even use the income to fund a gift to a favorite charity or organization.

¹Information herein is not intended to be legal or tax advice. You should consult with your own attorney or tax advisor for your specific circumstance.



The Palladium® Single Premium Immediate Annuity

The Palladium® Single Premium Immediate Annuity is a single premium annuity that offers a number of income payment options and a Cost of Living Adjustment (COLA) that can be added to many of those options. Review the features of each income option and choose the income option, with or without COLA, to fit your specific needs.

Cost Of Living Adjustment (COLA)

You may want to add a Cost of Living Adjustment to the income payment option you choose.² There are two types of Cost of Living Adjustments—Simple and Compound.

A Simple Cost of Living Adjustment would allow you to choose an interest adjustment of 1-5%, and the income you receive from the payment option you choose would then be adjusted by that specific percentage each year.

A Compound Cost of Living Adjustment would allow you to choose an interest adjustment of 1-5%, and the income you receive from the payment option you chose would then be adjusted by that percentage, compounded annually, each year.

The amount of initial income you would receive under a payment option with a Cost of Living Adjustment would be less than a payment option without the adjustment. However, you should consider the value of the income you receive over the time you expect to receive the payments, and you may find that the guaranteed increase in your annual income payments is worth the smaller initial payout.

²The Cost of Living Adjustment is not available on the Life with Cash Refund or Life with Installment Refund income options.

Income Options

Period Certain

You would choose this option if you wanted to receive income payments for a specific number of years, ranging from 5 to 30 years. If you should die before you receive income for the full period you selected, income payments would continue to be paid to your beneficiary for the remainder of the period. However, your beneficiary may elect, in lieu of continuing to receive income payments, a lump sum death benefit. The lump sum death benefit would be equal to the commuted value of the remaining income payments.

Single Life Options

Life Only Income

This income option guarantees that you will receive income for your life. The income payments would cease upon your death.

Life with a Period Certain

This option gives you a guaranteed income for your life, with a further guarantee that you will receive the income for a least a certain number of years that you choose, ranging from 5 to 20 years. If you die before the end of the guarantee period you have chosen, the guaranteed income would be paid to the beneficiary of your choice for the number of years remaining in the guarantee period, or the beneficiary can elect to receive the commuted value.

Joint Life Options

Joint and Last Survivor

This income option would provide guaranteed income while both annuitants are alive, but upon either annuitant's death, the survivor would continue to receive a portion of those income payments in the percentage you've chosen, such as 50%, 60%, 66.67%, 75%, or even 100%, for the remainder of their life.



Joint and Last Survivor with Period Certain

This is similar to Joint and Last Survivor except you also choose a period between 5-20 years as the guarantee period (period certain) for the income payments to be made to either survivor. Upon the death of either annuitant and after the guarantee period, the income payment would then continue to the surviving annuitant for the specific percentage you chose. Payments would cease upon the death of the surviving annuitant if the guarantee period has expired.

Joint and Spouse Annuity

With this income option, you would receive a guaranteed income during your life, but upon your death, your spouse would then receive guaranteed income payments for the specific percentage you chose at the time your annuity was issued. You could choose 50%, 60%, 66.67%, 75%, or 100% of your income payment to be paid to your spouse upon your death. Income payments would cease upon the death of your spouse.

Joint and Spouse with Period Certain

This is similar to the Joint and Spouse option except that you would choose a guarantee period (period certain) between 5-20 years as the time you wish income payments to be made to you or your spouse. Upon your death, and after the guarantee period, the income payments, in the specific percentage you chose, would be paid to your spouse. Payments would cease upon the death of your spouse if the guarantee period has expired.

Remember, you can choose to add the Cost of Living Adjustment to any of the above income options.

