

## Product

The Staysail MYGA is a Single Premium Deferred Annuity\* an accumulation product with the option for income through annuitization. It is designed for those seeking stable, long-term growth that is available also for use as an IRA or Roth IRA and is issued by Knighthead Life.

## Interest Crediting

Initial Guaranteed Option Periods – interest is credited as the initial interest rate guaranteed at the time of issuance for the entire guaranteed period. The Staysail offers 3, 5, and 7 year Initial Guaranteed Option Periods. You will be credited the interest rate listed on your Contract Data Page. Upon the expiration of the guaranteed option period, a new rate will be declared by Knighthead Life on a yearly basis.

## Withdrawals

Withdrawals from the Initial Guaranteed Option may be subject to a surrender charge and a Market Value Adjustment. The below charges apply to withdrawals from amounts in Initial Guaranteed Option. This charge is a percentage of the gross amount withdrawn: (a) after any amount that can be withdrawn pursuant to a free withdrawal option; and (b) before any market value adjustment is applied.

| Initial Guaranteed Option Period | Year |    |    |    |    |    |    |
|----------------------------------|------|----|----|----|----|----|----|
|                                  | 1    | 2  | 3  | 4  | 5  | 6  | 7  |
| <b>3 years</b>                   | 8.5% | 8% | 7% | 0  | 0  | 0  | 0  |
| <b>5 years</b>                   | 8.5% | 8% | 7% | 6% | 5% | 0  | 0  |
| <b>7 years</b>                   | 8.5% | 8% | 7% | 6% | 5% | 4% | 3% |

## Market Value Adjustment (MVA)

This contract may be subject to an MVA feature. An MVA may increase or decrease the amount of money you receive when you take a withdrawal or surrender your contract. The MVA is determined by comparing your interest crediting rate with the rate we would then be crediting a new interest crediting option of the same duration. For example, if your contract is in a 3-year Initial Guaranteed Option, Knighthead Life will compare your crediting rate to the rate for new allocations to the 3-year interest crediting option. In general, as crediting rates increase, cash withdrawal values decrease; as crediting rates decrease, cash withdrawal values increase.

## Policy Values

Your Contract Value is all premiums paid and earned interest on those premiums. The minimum initial premium is \$10,000 for any Initial Guaranteed Option Period. The maximum total premium is \$2,000,000 without Knighthead Life approval. Your interest rate will never be less than the minimum guaranteed interest rate that is set when your policy is issued.

\*Applies to the following policy forms: ICC23-FA100-0223, FA100-0223, CA-FA100-0223, and FL-FA100-0223.

## Tax Treatment

Gains in the value of your annuity are tax deferred and are not taxed until you withdraw such gains. Withdrawals or surrenders that occur before the owner is 59 ½ years old (or an annuitant if entity owned) could be subject to a penalty of 10% of such gains if qualifying exceptions don't apply. If this annuity is qualified as an IRA or Roth IRA any distribution may cause a taxable event. You will be taxed at ordinary income tax rates if you take payouts or withdraws. You should consult your own tax advisor for tax advice.

## Payouts/Annuitization

Staysail provides multiple income options. These include:

- Lifetime income – income for as long as the annuitant lives.
- Joint and survivor income – income for the longer of the annuitant's or a second person's lifetime.
- Lifetime income with 120 or 240 guaranteed monthly payments – income for the annuitant's lifetime with the guarantee of no less than 120 or 240, depending on your selection, monthly payments.
- Income for a specified period – Monthly income for 5 to 30 years.

Your income date cannot begin prior to one year after the issue date. You must begin taking income on the Maturity Date, which is the day you turn 95 years old.

## Other Information

- This annuity is designed for people who are willing to let their assets build for the entire Initial Guaranteed Option Period.
- We may change your annuity contract from time to time to follow federal or state laws and regulations. If we do, we will inform you about the changes in writing.
- Like other annuity issuers, Knighthead Life may incur expenses in selling and issuing its policies, including the payment of a commission to its agents.
- If you decide during the 30-day free look period that you do not want this annuity, you can return it and get all of your money back.

# Staysail Disclosure



MERIT LIFE INSURANCE CO. | 1900 SOUTH BLVD., SUITE 300 | CHARLOTTE, NC 28203 | 833-637-4854

**By signing below, I acknowledge the statements above and agrees to the following:**

1. I may return my contract within the 30-day free look period for any reason.
2. I believe that this product is suitable for my financial goals.
3. I understand that an annuity contract will not be issued until all funds have been received by Knighthead Life and the total dollar amount meets the minimum premium requirements for this product.
4. Interest will not accrue until the product is issued.

|                          |      |
|--------------------------|------|
| Applicant Signature<br>X | Date |
|--------------------------|------|

**Agent Statement**

I certify that I have provided a copy of this document to the Applicant and I have made no promises or assurances regarding the future value of the contract, nor have I made statements differing from this disclosure.

|                                |      |
|--------------------------------|------|
| Agent(Producer) Signature<br>X | Date |
|--------------------------------|------|

**ALL GUARANTEES ARE BACKED BY THE CLAIMS PAYING ABILITY OF MERIT LIFE INSURANCE CO. AND ARE NOT GUARANTEED BY ANY FINANCIAL INSTITUTION OR INSURED BY THE FDIC.**