

## **Bankers Life Insurance Company (“BLIC”) 2023 Partial Withdrawal FAQs**

### **What was the partial withdrawal program?**

- The Rehabilitator determined, in working with its accountants and advisers, that BLIC achieved sufficient liquidity to provide a 25% partial withdrawal of annuity funds, less applicable tax withholding, fees and surrender charges, as an exception to the moratorium.

### **Can I still make elections for receiving a partial withdrawal?**

- No. The 25% partial withdrawal program ended on June 30, 2024. If you previously submitted your withdrawal or transfer election, it will be processed in the next 8 weeks.
- If you did not make an election and you do NOT live in a community property state (listed below), then you will receive a check for 25% of your current account value less applicable tax withholding, fees and surrender charges in the next 6 – 8 weeks.
- If you live in a community property state and did not submit an election for a partial withdrawal or a transfer request, you will not receive a check during rehabilitation. Once the final order of liquidation becomes effective (as explained below), BLIC’s policy obligations will be covered by various State Life and Health Insurance Guaranty Associations (SGAs) subject to applicable statutory limits and requirements, including your annuity. The following states recognize community property: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin.
- If you have any questions, please contact Kroll by calling (888) 507-0441.

### **Who is Kroll and how did they get involved?**

- The Rehabilitator hired Kroll to assist with distribution of partial withdrawal payments. Kroll is a third-party administrator with experience in processing large volumes of payments.

### **Why was the partial withdrawal for only receive 25% of the value of my annuity/When will I receive the remainder of my annuity?**

- This was the maximum amount approved by the Court based on then current liquidity and currently available funds of BLIC.
- The partial withdrawal is not a final distribution of your annuity contract. The remainder of your annuity contract is still subject to the moratorium on surrenders, loans, withdrawals, and transfers.
- On December 30, 2022, the judge signed an Order of Liquidation that will place BLIC into liquidation when the Order becomes effective. Greg Lindberg’s company, GBIG Holdings, LLC, filed a Notice of Appeal of the Order of Liquidation on January 27, 2023. The appellate court issued its decision on March 5, 2024, unanimously affirming the Order of Liquidation. This decision by the North Carolina Court of Appeals was another critical step in getting policyholders repaid.
- Mr. Lindberg’s company, GBIG Holdings, LLC, has acted to further delay the Order of Liquidation. It filed a petition on April 9, 2024, asking the North Carolina Supreme Court to accept an appeal of the Court of Appeals’ unanimous decision affirming the Order of Liquidation. This petition delays the triggering of the SGAs and delays payments to policyholders. The North Carolina Supreme Court will decide whether or not to accept Mr. Lindberg’s appeal. The effective date of the Order of Liquidation now depends on the timing of the Supreme Court’s ultimate decision in the matter. The Commissioner of Insurance and the Special Deputy Rehabilitators of BLIC have urged the Supreme Court to decline to take this appeal, so that policyholders can be paid sooner.
- Once the final Order of Liquidation becomes effective, BLIC’s policy obligations will be covered by the various SGAs subject to applicable statutory limits and requirements. Until then, the Company remains in rehabilitation. See a

list of Frequently Asked Questions about the liquidation order available on the Company's website: [www.BLICife.com](http://www.BLICife.com).

- Until the Order of Liquidation becomes effective, the Rehabilitator will continue paying qualified hardship payments in addition to other exceptions to the moratorium.

#### **Does this mean the moratorium has been lifted (removed)?**

- No, the partial withdrawal was granted by the Court as an exception to the moratorium, after petition by the Rehabilitator. It does not mean that the moratorium has been lifted.

#### **What if I missed the June 30, 2024 election deadline to make elections or to submit an exchange or transfer form?**

- If you took no action by June 30, 2024 in response to your partial withdrawal letter and do not live in a community property state, you will still receive your partial withdrawal distribution by check under the default terms within 8 weeks.
- If you live in a community property state, you will not receive a check during rehabilitation. Once the final order of liquidation becomes effective, BLIC's policy obligations will be covered by various SGAs subject to applicable statutory limits and requirements, including your annuity. The following states recognize community property: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin.
- There will be default withholding of 10% from your distribution payment for Federal income taxes. Applicable default withholding may be higher for Individual Retirement Accounts (IRAs) under certain circumstances
- If you wanted to have the funds disbursed to you through ACH instead of check, that election was due by June 30, 2024. The election portal is **NOW** closed.
- If you have any questions, please contact Kroll by calling (888) 507-0441.

#### **How does this partial withdrawal impact my other policies at Colorado Bankers Life Insurance Company?**

- This partial withdrawal program does not impact other insurance policies held at Colorado Bankers Life Insurance Company. You must continue paying your premium on your other policies, as you are billed, to have your life or health insurance continue. Annuity contributions are not being accepted.

#### **How does this partial withdrawal affect the interest-only payments I receive?**

- If your account value as of May 31, 2023, was \$14,000 or greater, you will still qualify for the interest-only payments. After the 25% partial withdrawal, your interest-only payments will be calculated based on the new, lower account value. Therefore, your interest-only payments will be less than they were previously, and possibly occur less frequently. Your interest-only payments will be distributed when accumulated interest is \$100 or greater.
- If your account value as of May 31, 2023, was less than \$14,000, you will most likely not qualify for interest-only payments after the partial withdrawal.

#### **How does this partial withdrawal impact required minimum distributions (RMDs) currently being received by the policyholder?**

- If you have a qualified annuity and are currently receiving RMDs, or will take a RMD this year, the partial withdrawal will not prevent you from taking an RMD. Please consult your tax and financial advisors before making any decision.

#### **Will this partial withdrawal pay interest first or principal first?**

- If you have a non-qualified annuity, the withdrawal will be taken from the interest accumulated first, and any remaining withdrawal would be taken from the principal after that. Please consult your tax and financial advisors before making any decision and with any questions about your cost basis or taxable interest.

#### **What if I need more funds than are currently available through this partial withdrawal program?/How can I pursue an**

### **exception to the moratorium?**

- Exceptions to the moratorium are for categories of claims or withdrawals. Individual policyholders cannot apply for an individual exception. However, they can apply for a hardship payment as noted below.
- A hardship program is in place to request funds for an immediate economic need. The hardship application and instructions are available on Colorado Bankers Life Insurance Company website at <https://BLICife.com>.
- Policyholders can also take advantage of established exceptions to the moratorium such as IRA Required Minimum Distributions or Interest-Only payments. See BLIC FAQs at [https://BLICife.com/forms/BLIC BLIC FAQs 2 13 23.pdf](https://BLICife.com/forms/BLIC%20BLIC%20FAQs%2013%2023.pdf) for the established exceptions.

### **Are taxes withheld from the distribution of my withdrawal?**

- Unless you elected otherwise, Federal income taxes may be withheld on your withdrawal at a rate of 10% along with any required state tax withholding. Applicable default withholding may be higher for Individual Retirement Accounts (IRAs) under certain circumstances. Consult with your tax and financial advisors before making any decision.

### **What surrender charges and/or withdrawal fees apply?**

- Surrender charges and withdrawal fees apply as outlined in your letter.

### **What is a Community Property state and how does that affect my withdrawal?**

- In a Community Property state, community property is all property acquired during marriage that is not established to be separate property. Community property is the default characterization of all marital assets. Community property typically includes salary, wages and other compensation for work performed during marriage, the fruits resulting from the labor and skills of each spouse, income derived from community property assets, and separate property that has been changed ("transmuted") into community property. The following states recognize community property: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin.