

What to do when you inherit a Vanguard Variable Annuity

The Vanguard Variable Annuity is issued by Transamerica Premier Life Insurance Company and, in New York State only, by Transamerica Financial Life Insurance Company.

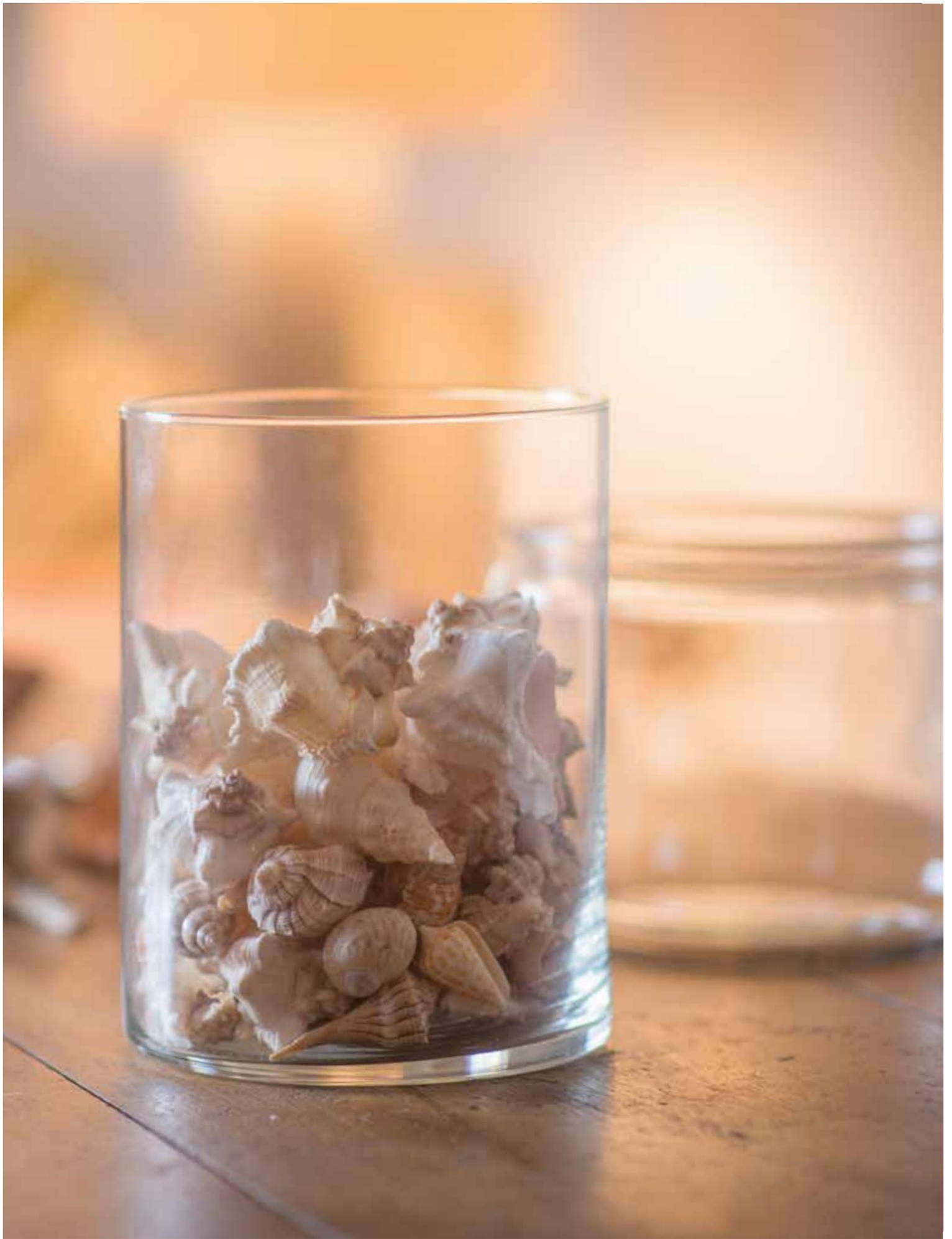


Vanguard[®]



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During this difficult time, you may be feeling uncertain about all of the important decisions you suddenly need to make. **We're here to help.**

As the beneficiary of a Vanguard Variable Annuity, you're entitled to your share of the death benefit. What you receive depends on several factors, including whether it's the owner or the annuitant who has died, and which death benefit option the owner elected. You may be eligible to receive one of the following:

- The accumulated value of the annuity subaccounts (the portfolios).
- The guaranteed minimum death benefit, if it's greater than the accumulated value of the subaccounts.

Our licensed annuity specialists can help you understand your rights as a beneficiary and explain your distribution options. We'll answer your questions and guide you through the distribution process so that you can feel confident about your decision.

Choosing the right option

There are several options for receiving your share of the Vanguard Variable Annuity contract before the annuity start date. Depending on the terms of the contract and your relationship to the person who died, you can choose the option that fits your individual situation.

Spousal continuation. If you're the spouse of the deceased and the sole primary beneficiary, you can assume ownership of the annuity. The annuity contract is transferred to you, including any applicable riders and death benefits.

Nonqualified stretch distribution. If you're a nonspouse beneficiary, you can withdraw your share of the death benefit in scheduled payments over your life expectancy. This option is available only for contracts funded with nonqualified (after-tax) money, and it requires that you take a minimum distribution from your share each year.

Lump-sum distribution. You can take your share of the death benefit in a single payment.

Five-year deferral. You can take up to five years from the owner's death to withdraw your share of the assets.

Annuitization. You can annuitize your share of the death benefit. By annuitizing, you convert assets into a stream of income payments, which can last for life or for a set number of years. The decision to annuitize is irrevocable, and payments must begin within one year of the original owner's/annuitant's death.

With most of the options—including spousal continuation, nonqualified stretch distribution, five-year deferral, or even variable annuitization payments—your share of the accumulated value will remain invested on a tax-deferred basis. But note that all earnings are taxable as ordinary income to you as the beneficiary in the year that you receive them.

HOW DEFERRED VARIABLE ANNUITIES WORK

A deferred variable annuity is a long-term, tax-deferred retirement savings vehicle that can be purchased and owned by an individual or a trust. Many variable annuities are purchased with after-tax dollars, but some are funded with rollovers from traditional IRAs or qualified retirement plans.

The owner chooses from a variety of portfolios that the annuity is invested in. The value of the annuity varies depending on the performance of the underlying portfolios.*

*The annuity's underlying portfolios are subject to risk, including the possible loss of the money invested.

How to claim your benefit

To claim your annuity benefit, you need to send us a death certificate that's certified by the state department of health or a bureau of vital statistics. The certificate must bear a raised seal or multicolored stamp and indicate the cause of death. Call us at **800-462-2391** to discuss the distribution options available for your individual situation and the documents required to claim your benefit.

Type of beneficiary	Distribution options	Required documents
Spouse	Lump-sum distribution	• Beneficiary Claim Form
	Spousal continuation*	
	Five-year deferral*	
	Annuitization	• Election of Income Option for Beneficiaries Form
Individual (nonspouse)	Nonqualified stretch distribution**	• Beneficiary Claim Form • Proof of custodianship or guardianship (if the beneficiary is a minor)***
	Lump-sum distribution	
	Five-year deferral*	
	Annuitization	• Election of Income Option for Beneficiaries • Proof of custodianship or guardianship (if the beneficiary is a minor)***
Trust	Lump-sum distribution	• Beneficiary Claim Form • Certificate of Authority for Trusts
	Five-year deferral*	
Estate	Lump-sum distribution	• Beneficiary Claim Form • Certified letter of testamentary†
	Five-year deferral*	
Organization	Lump-sum distribution	• Beneficiary Claim Form • Indemnification and Certification of Corporation/Organization Resolution
	Five-year deferral*	

Note: Certain states may have additional requirements that must be met before the claim will be paid.

*Available only if the original contract owner has died.

**Available only for contracts funded with nonqualified (after-tax) money.

***Proof of custodianship for a parent is the minor's birth certificate. Proof of guardianship is a certified court document naming the legal guardian.

†A letter of testamentary is an original certified copy of the court appointment of the representative of the estate.

Understanding the tax consequences

A distribution from an annuity as a result of death is considered a withdrawal. There are a number of tax considerations to keep in mind when you make a withdrawal:

- Withdrawals of earnings are taxed as ordinary income in the year that you receive them.
- You can request to have federal and state income taxes (if applicable)* withheld from your withdrawals.
- Withdrawals of after-tax contributions, known as cost basis, aren't subject to ordinary income tax.
- If you elect a spousal continuation, nonqualified stretch, five-year deferral, or annuitization, you may be allowed to have the annuity assets continue accumulating on a tax-deferred basis.
- Vanguard will report your taxable distributions on IRS Form 1099-R and will mail the form to you by January 31 each year.

Consult a tax advisor or attorney if you have questions about the tax implications of inheriting an annuity. Neither Vanguard nor Transamerica can offer tax advice or recommend a specific annuity distribution option.



We're here to help

Call our licensed annuity specialists at **800-462-2391** to discuss your distribution options. We can help you decide which option is right for you and assist you in completing the necessary paperwork.

KEY TERMS

Accumulation phase

The period from when the annuity contract is purchased to when it's converted into an income stream.

Accumulated value

The initial premium payment plus any additional premium payments received—less any fees, partial withdrawals, and applicable premium taxes withheld. The accumulated value also reflects the investment performance of the contract's allocated subaccounts.

Annuitant

The individual, designated by the contract owner, upon whose life annuity any payments are determined. There may also be a joint annuitant.

Annuitization

The irrevocable conversion of a contract's accumulated value into an income stream that lasts for a specified period.*

Beneficiary or beneficiaries

The person or persons designated by a contract owner to receive the accumulated value or death benefit, if applicable.

Certified death certificate

The document that provides legal proof of death. A certified copy of the death certificate must be provided to claim your annuity benefit.

Contract owner

The purchaser of the variable annuity contract.

Death benefit

An annuity contract option whereby the beneficiary receives a specified minimum amount if the annuitant dies in the accumulation phase of the variable annuity.

Life expectancy

The age to which an average person is expected to live. Life expectancy figures used to calculate payments for the nonqualified stretch distribution option are based on the Single Life Expectancy Table found in IRS Publication 590-B.

*The guarantee, which is available only for fixed income payments, is subject to the claims-paying ability of the issuing insurance company and not the performance of the underlying investments.



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The Vanguard Variable Annuity is a flexible-premium variable annuity issued by Transamerica Premier Life Insurance Company, Cedar Rapids, Iowa (NAIC No. 66281), and in New York State only, by Transamerica Financial Life Insurance Company, Harrison, New York (NAIC No. 70688). Form No. VVAP U 1101 (in Florida, Form No. VVAP U 1101 (FL), in Oregon, Form No. VVAP U 1101 (OR) (R), and VVA ME 0508 (OR2015), and in New York, VVA NY 0208(R13)). GLWB Rider Form No. RGMB 43 0811 (in Florida, RGMB 43 0811 (SI)(FL), RGMB 43 0811 (JT)(FL), in Oregon, RGMB 43 0811 (SI)(OR), RGMB 43 0811 (JT)(OR), and in New York, RGMB 43 0811 (SI)(NY) (REV), RGMB 43 0811 (JT) (NY) (REV)). Return of Premium Death Benefit Rider Form No. VVA RP 0811 (in Florida, VVA RP 0811 (FL), in Oregon, VVA RP 0811 (OR), and in New York, VVA RP 0811 (NY) (REV)), without agent representation. Policy and rider form numbers may vary by state and may not be available in all states. The Vanguard Group administers the Vanguard Variable Annuity for the issuer. Its variable annuity and investment costs rank among the lowest in the industry, according to Morningstar, Inc., December 2017.

The Vanguard Variable Annuity has an average expense ratio of 0.50%; excludes fees for optional riders. Actual expense ratios for the Vanguard Variable Annuity range from 0.38% to 0.67% depending on the investment allocation. The expense ratio includes an administrative fee of 0.10% and a mortality and expense risk fee of 0.17%. The expense ratio excludes additional fees that would apply if the Return

of Premium death benefit rider or Secure Income (Guaranteed Lifetime Withdrawal Benefit) rider is elected. In addition, contracts with balances under \$25,000 are subject to a \$25 annual maintenance fee.

The Vanguard Group, Transamerica Premier Life Insurance Company, and Transamerica Financial Life Insurance Company do not provide tax advice. Investors are encouraged to consult a tax advisor for information on how annuity taxation applies to their individual situations.

Same sex couples have the right to marry in all states. The parties to each marriage that is valid under the law of any state will each be treated as a spouse as defined in this policy. Individuals in other arrangements, such as civil unions, registered domestic partnerships, or other similar arrangements, that are treated as spouses under the applicable state law, will each be treated as a spouse as defined in this policy for state law purposes. However, individuals in other arrangements, such as civil unions, registered domestic partnerships, or other similar arrangements, that are not recognized as marriage under the relevant state law, will not be treated as married or as spouses as defined in this policy for federal tax purposes. Therefore, exercise of the spousal continuation provisions of this policy or any riders by individuals who do not meet the definition of "spouse" may have adverse tax consequences and/or may not be permissible. **Please consult a tax adviser for more information on this subject.**

For more information about Vanguard variable annuity products, visit vanguard.com to obtain fund and variable annuity contract prospectuses or, if available, summary prospectuses. Investment objectives, risks, charges, expenses, and other important information about the product are contained in the prospectus; read and consider it carefully before investing.