

ANNUITY BEST INTEREST & SUITABILITY PRODUCER'S GUIDE

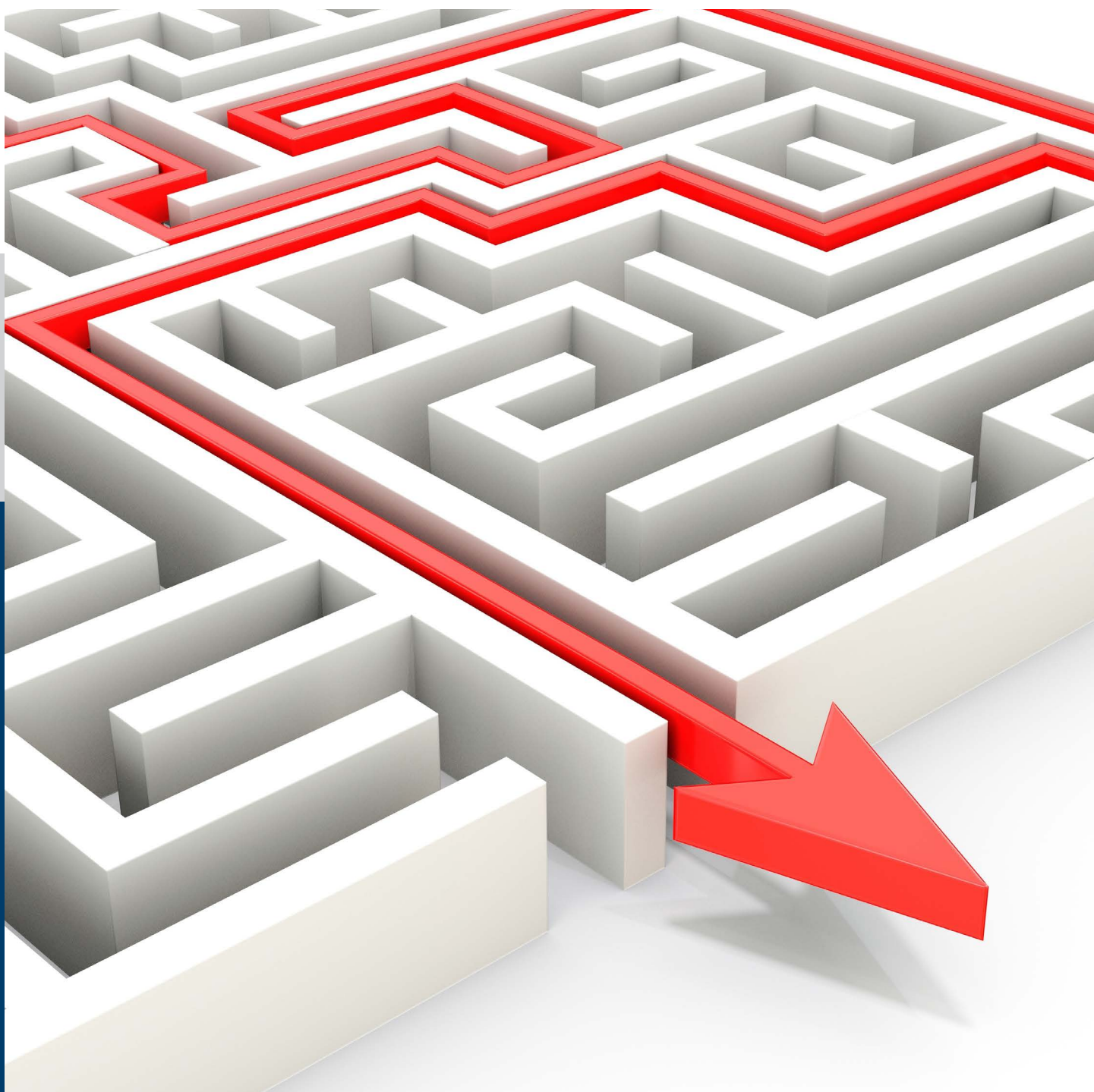


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WHAT IS THE PURPOSE OF THIS GUIDE?

This guide has been designed to assist you in completing the Annuity Suitability Questionnaire / USA PATRIOT Act Form as well as provide you with a better understanding of why American National needs this information.

Why is This Important?

All recommendations for the purchase or exchange of an annuity product should be in the consumer's best interest based on information **known by the insurance agent at the time the recommendation is made**. Prior to making a recommendation for the purchase or exchange of an annuity product, the insurance agent should make a reasonable effort to obtain suitability information from the consumer regarding his or her insurance needs and financial objectives. Insurers are also required to determine the suitability of a transaction for your client.

To assist you in gathering necessary information, we have given you the Suitability Questionnaire / USA PATRIOT Act Form. This form has carefully crafted questions that can provide you with a clear picture of your client's needs, financial objectives and financial status, so you can be confident in making your recommendation.

Failure to fully complete this form will result in delays in processing and/or rejection of the application.

American National Needs Your Help!

One thing to consider is that we were not in the room when you spoke to the client about this transaction. So when we review the annuity contract forms, we may be getting only part of the conversation. Therefore, American National needs your help putting the pieces together to make the annuity transaction go smoothly for you, your client and for us. Here are a few things to remember when submitting an annuity application to American National.

Have you taken the annuity product-specific training that American National requires each insurance agent to complete prior to selling annuities for American National? If not, be sure to complete this training prior to submitting any annuity contract applications.

Have you or your client filled out all of the required annuity contract forms? Any forms that have not been completely filled out may delay processing. Your client will also be required to initial any updates to the forms. So, make sure that all documentation is in good order prior to submitting the application to alleviate processing delays.

Remember that less is not always more. Providing us with any additional information about the transaction will assist us in understanding your rationale for making the recommendation. This will also cut down on phone calls and/or emails to obtain additional information about the transaction and avoid unnecessary delays.



This symbol, used throughout the guide, will help point out important areas that may need extra attention. You are encouraged to include a cover letter and the Agent's Acknowledgment section when a situation requires extra detail.

Insurance Agent's Guide To The ANNUITY SUITABILITY QUESTIONNAIRE / USA PATRIOT ACT FORM

Owner/Joint Owner Information Section

1 Owner Information

If a Trust will be the owner, complete this form using the Trust's financial information. You may include the financial information of the grantor, if living.

Any additional information that provides a more complete understanding of the suitability of a trust arrangement should be included in written form on page 4. All trust documentation must accompany this form.

Full Name of Owner/Grantor/Partner	Age	Marital Status: <input type="checkbox"/> Married <input type="checkbox"/> Single
Number of Dependents	Ages of Dependents	Work Status: <input type="checkbox"/> Part-time <input type="checkbox"/> Full-time <input type="checkbox"/> Retired <input type="checkbox"/> Unemployed
Joint Owner/Grantor/Partner (if applicable)	Age	Relationship to Owner

How To Fill Out This Section

Please include all information related to the owner or joint owner.

If the owner is an entity or non-natural owner: Use the entity's or non-natural owner's information to complete the form.

If the owner is not currently employed please be sure to include additional information about the owner's source of income in the agent's acknowledgment section.

- All questions in this section must be answered. If the client has no dependents please indicate with 0 or N/A. Any answer left blank will be considered unanswered and will generate a follow up for clarification.
- Non-Spousal Joint Owners must complete separate forms for each person.
- If the owner will be a Trust or non-natural owner, please be sure to indicate the relationship to the annuitant.

Important: The Owner Name field must be completed in all instances.

FINANCIAL PROFILE SECTION

An insurance agent must ask a consumer/applicant questions concerning his or her:



- household income
- approximate gross annual income;
- estimated net worth (excluding primary residence, furnishings, automobiles);
- liquid net worth;
- liquidity needs;
- financial situation and needs, including the financial resources used to fund the annuity;
- financial experience;
- financial objectives;
- intended use of the annuity;
- financial time horizon;
- existing assets, including currently-owned life insurance and annuities;
- risk tolerance;
- tax status.

2 Financial Profile

If joint owners are spousal please provide the household financial information below. If joint owners are not spouses, complete a separate Annuity Suitability Form for each person.

Question 1

1. Have you had experience with any of the following investments and insurance products? If Yes, how long?

- | | | |
|---|---|---|
| <input type="checkbox"/> Mutual Funds _____ # of yrs. | <input type="checkbox"/> 401(k) Plans _____ # of yrs. | <input type="checkbox"/> Stocks _____ # of yrs. |
| <input type="checkbox"/> Bonds _____ # of yrs. | <input type="checkbox"/> CDs _____ # of yrs. | <input type="checkbox"/> Savings Accounts _____ # of yrs. |
| <input type="checkbox"/> Life Insurance _____ # of yrs. | <input type="checkbox"/> Annuities _____ # of yrs. | <input type="checkbox"/> Other _____ # of yrs. |

Why is this important? Knowing your client's investment experience helps show if this transaction is one that they would normally enter into and if they have an understanding of the product and transaction.

Question 2

2. In considering this product, what is your risk tolerance?

- ☐ Conservative (Low Risk) ☐ Moderately Conservative ☐ Moderate ☐ Moderately Aggressive
☐ Aggressive (High Risk)

Why is this important? A customer's risk tolerance reflects the degree to which they are willing to risk losing money for the potential of large gains. Younger people normally can be more aggressive with their investing because they have longer to recoup their losses. Seniors are generally more conservative because they are interested in making sure they have enough funds for living expenses for the rest of their lives.

FINANCIAL PROFILE SECTION

Questions 3 & 4

3. Annual Gross Income \$ _____
4. Source of Income (Check all that apply)
- ☐ Salary (W-2) ☐ Investments ☐ Social Security ☐ Pension Plans ☐ Reverse Mortgage
- ☐ Self-Employed ☐ Other _____

Why is this important? Knowing a client's annual household income, and how they obtain that income, can tell you if they have enough funds to cover everyday expenses. Knowing the household income of an unemployed client is especially important because it helps you evaluate the whole picture.

If source of income is Disability SSI: Note on Other line.

Question 5

5. What type of investments and insurance products do you currently own?
- ☐ Mutual Funds ☐ Stocks ☐ Bonds ☐ CDs ☐ Savings Accounts ☐ 401(k) Plans ☐ Fixed Annuities
- ☐ Term Life ☐ Whole Life ☐ Variable Annuities ☐ Variable Life Insurance
- ☐ Equity Indexed Life Insurance ☐ Equity Indexed Annuities ☐ Other _____

Why is this important? Knowing what investments or insurance products that your client currently owns gives you a broader picture of your client's financial situation and knowledge. You will be able to tell if there are any investments that your client owns that are easily liquidated should there be an emergency.

Questions 6–8

6. Liquid Net Worth, prior to the annuity purchase you're considering, **(These are assets that can be easily converted to cash without incurring penalty charges. Do not include funds from a reverse mortgage.)**
- \$ _____
7. If you purchase an annuity, will your income and liquid net worth be enough for living expenses, including medical expenses and emergencies? ☐ Yes ☐ No
8. If you were to purchase an annuity, how many months of living expenses can your Liquid Net Worth cover?
- ☐ 1 – 3 months ☐ 4 – 6 months ☐ 7 – 12 months ☐ 13+ months

Why is this important? Annuities have surrender charges. It is important that your client be able to provide for their current living expenses and any expenses that occur because of an emergency or unexpected medical issue.



Liquid Net Worth: any investments or other assets that can be easily converted to cash without incurring penalties (include the funds used to purchase this annuity).

Reverse Mortgages should not be included in this amount.

FINANCIAL PROFILE SECTION

Question 9

9. What is your estimated Federal Income Tax Bracket?

☐ 10% ☐ 12% ☐ 22% ☐ 24% ☐ 32% ☐ 35% ☐ 37%

Why is this important? The client's tax status can be an indicator as to what the client is trying to accomplish with this annuity and is also an indicator of their income and relative affluence.

If the client is in a higher tax bracket: they may be purchasing the annuity as a means to defer their tax burden. If a client is a senior and indicate that they have only have social security as their income yet check that they are in a higher tax bracket, you might be missing information that is important to this transaction.

In the instance of a replacement, you need to be mindful of any tax consequences that might occur due to this transaction.

Question 10

10. Have you taken or do you intend to take a reverse mortgage in the next 12 months on your personal residence?

☐ Yes ☐ No

Why is this important? For purposes of conducting a proper analysis, funds from a reverse mortgage should not be included in a consumer's liquid net worth.



Funds from a reverse mortgage generally should not be used to purchase an annuity.

Questions 11–12

11. Are you currently living in or are you planning on living in an Assisted Living Facility within the next 3 years?

☐ Yes ☐ No Please explain _____

12. Are you currently living in or are you planning on living in a nursing home within the next 3 years?

☐ Yes ☐ No Please explain _____

Why is this important? Due to the high costs associated with Assisted Living Facilities and Nursing Homes, it is important to understand your client's need for funding for these services in the near future. It may be unwise to lock up money in an annuity with surrender charges. Your client may; however, be using an annuity as a means to distribute funds to family members in order to meet Medicaid requirements to assist in the costs for these facilities.

If response to question 11 or 12 is YES: Please confirm if owner has long-term care insurance. If not, please explain how the cost of Assisted Living Facility or Nursing Home will be covered in the space for Question 16-P.

FINANCIAL PROFILE SECTION

Question 13

13. Why are you considering the purchase of an annuity? (Check all that apply)

- ☐ Immediate Income ☐ Stable Growth ☐ Tax Deferral ☐ Estate Planning ☐ Death Benefit
☐ Safety of Principal ☐ Retirement ☐ Potential to earn higher interest related to a market index
☐ Option for lifetime income ☐ Post Purchase Liquidity ☐ Other _____

Selecting Immediate Income: Immediate income should only be selected if the client is considering the purchase of a Single Premium Immediate Annuity. Deferred annuities will not result in immediate income.

Selecting Post Purchase Liquidity: This should **not** be selected if the client is considering the purchase of a Single Premium Immediate Annuity.

Selecting Option for Lifetime Income: This should only be selected if the client is considering the purchase of a deferred annuity or a life-contingent Single Premium Immediate Annuity.

TRANSACTION INFORMATION SECTION

Question 14

3 Transaction Information

If this transaction is a Single Premium Immediate Annuity, do not answer questions 14a or b.

14. a) Do you intend to take distributions prior to attaining age 59 ½? ☐ Yes ☐ No
If Yes, please explain what exception you will rely upon to avoid the 10% federal tax penalty.

b) Do you intend to take withdrawals before the end of the surrender charge period? ☐ Yes ☐ No
If Yes, do you intend to withdraw more than 10% of the annuity value per year? ☐ Yes ☐ No
If Yes, please explain _____

Why is this important? There are tax penalties and surrender charges if premature annuity distributions are taken. These questions are applicable to all products with the exception of the Single Premium Immediate Annuity. 14-B must always be answered regardless of client's age.

TRANSACTION INFORMATION SECTION

Question 15

15. What source of funds will you use if you buy an annuity? (Check all that apply)

- ☐ Savings Account ☐ Money Market ☐ Bank CD ☐ Stocks/Bonds/Mutual Funds ☐ Home Equity Loan
☐ Reverse Mortgage ☐ Annuity ☐ Life Insurance ☐ Retirement ☐ Gift from _____
☐ Other (please list) _____

a) Will any potential charges or penalties be incurred by using the above funds? ☐ Yes ☐ No

Amount \$ _____

b) Is the person writing the check other than the proposed owner of the annuity? ☐ Yes ☐ No

Please explain _____

c) Is the source of funds from a previously owned life insurance policy or annuity contract? ☐ Yes ☐ No

Please explain _____

Check all that apply.

Why is this important? Before recommending an annuity for purchase, the insurance agent should review the current financial situation to determine if the product being proposed will help the consumer attain those goals and objectives.

Financial goals and objectives include:

- retirement planning,
- education for children,
- gifts or donations,
- long-term health care and
- anything else that might assist the consumer in itemizing major plans for the future.

If the source of funds is an Inherited IRA: Check Other and list.

If the source of funds is a Gift, provide answers to the following questions:

- If the product is a Single Premium Immediate Annuity and is being funded by way of a gift, does the gifting party understand that the SPIA product can be commuted by request of the owner?
- Since the annuity is being funded by way of a gift, does the gifting party understand that the annuity may be surrendered by request of the owner?
- Please provide details about the financial condition of the gifting party. After making the gift, will the gifting party have adequate liquid net worth for living expenses and emergency needs such as medical expenses?

EXCHANGES/REPLACEMENTS SECTION

The insurance agent should consider the following when making a recommendation that involves the **replacement** of another annuity contract or life insurance product, or the **exchange** from another financial instrument:

- Surrender Charges
- Minimum Guaranteed Interest Rates
- Product Features
- Premium Enhancements
- Tax consequences

4 Exchanges / Replacements

In the case of an exchange or replacement the insurance agent must have reasonable grounds to believe that the transaction is suitable taking into consideration the information provided in response to the questions below.

In CA & MN, if a replacement transaction involves a person age 65 or older and a surrender charge is incurred, the purchase must have a substantial benefit over the life of the contract to the consumer.

Question 16

16. Will the annuity be funded by an Exchange or Replacement?

☐ Yes ☐ No (If Yes, please complete 16a through 16p.)

Excluding this proposed transaction, have you exchanged an annuity within the last 36 months, (60 months in CA & MN)?

☐ Yes ☐ No

If Yes, please give this information:

Company Name

Product Type (e.g. variable, fixed)

This is a two part question. Please answer both parts.

- Both questions asked on Question 16 must be answered regardless of whether or not the proposed annuity is a replacement.
- If an exchange of annuity has occurred within the last 36 months, please provide whether you were the agent of record, and what were the benefits to the client.

Why is this important? You must be able to establish that there is no churning. When your sale involves the replacement of an existing life insurance or annuity contract, American National also reviews the case to determine if the replacement is appropriate. Any additional details that may help American National determine that the proposed contract supports a financial benefit to the client should be included in the **Agent's Acknowledgment** section, or on a separate page.

Questions 16: A

	Replaced	Proposed
a. Is there a surrender charge? If Yes, list the current dollar amount.	<input type="checkbox"/> No <input type="checkbox"/> Yes \$ _____	Not Applicable

If replacing penalty free amount and no surrender charges apply, select No as the answer to the question.

Why is this important? Will the client incur surrender charges because of this transaction? If so, will the amount of the surrender charges be offset by benefits and determined earnings from the proposed contract? It is important to be realistic and not try to predict the future of potential earnings.

EXCHANGES/REPLACEMENTS SECTION

Questions 16: B

b. What is the remaining Surrender Charge Period? _____ Yrs. _____ Yrs.

- How many years are left in the surrender charge period of the current contract?
- Will the surrender charge period of the new annuity contract be a longer period of time?

For MYG Annuity: Do not list the guaranteed period for the remaining surrender charge period (e.g. MYG 5 has a 5-year guarantee period but a 10-year surrender schedule).

For SPIA: A SPIA uses a commutation schedule rather than a surrender schedule. List the years remaining in the commutation schedule.

Why is this important? For example, if your client has only a few years, or no years, left in the surrender charge period in their existing annuity, it is difficult to justify putting them in a contract that may have a 7 or 10 year surrender charge period.

Questions 16: C

c. Is the replaced/proposed contract qualified or non-qualified? ☐ Qualified ☐ Non-Qualified ☐ Qualified ☐ Non-Qualified

Note: Roth IRA is considered as qualified funds.

Why is this important? Helps determine whether or not the client will incur tax consequences due to the transaction or any future transactions related to the purchase of this annuity.

Questions 16: D

d. Is there a Premium Enhancement (Interest Rate Enhancement) or Bonus? If Yes, provide the amount or percentage and how long you will receive this enhancement. ☐ No \$ or % For Yrs ☐ No \$ or % For Yrs
☐ Yes _____ ☐ Yes _____

Ask yourself:

- Does the new annuity contract offer a premium enhancement or bonus interest?
- Will the client be charged for the bonus or premium enhancement with either higher surrender charges or longer surrender charge periods?
- How many years must the annuity be kept to fully earn the premium enhancement or bonus?
- For Example: American National deferred annuity contracts with an initial premium greater than or equal to \$100,000 receive an interest rate enhancement of an additional 10 basis points.

Questions 16: E

e. Is there a Premium Enhancement or Bonus Recapture Charge? In other words, will the premium enhancement or bonus be forfeited? ☐ No ☐ Yes \$ _____ ☐ No ☐ Yes \$ _____

Ask yourself: Is the bonus or premium enhancement subject to “recapture” or forfeiture if the client prematurely surrenders the new annuity contract?

EXCHANGES/REPLACEMENTS SECTION

Questions 16: F–G

f.	Is there a Market Value Adjustment (MVA)?	<input type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Yes
g.	If there is a Market Value Adjustment (MVA), then what is the amount and is it positive or negative?	(Pos.) \$ _____ (Neg.) \$ _____	Not Applicable

If the funds are to be requested upon maturity of the replaced contract and MVA no longer applies, select No.

Ask yourself: Will the client incur a Market Value Adjustment (MVA) if they surrender their contract prior to the time-frame provided in their contract?

Why is this important? If the MVA is negative, an MVA charge will occur and that amount will be deducted from the annuity and it will be harder to justify replacement. If the MVA is positive, the client will receive additional funds when surrendering the annuity which might offset any surrender charges or other fees incurred.

For example: Surrendering the policy when market interest rates are higher than the annuity's guaranteed rate can result in the annuity contract owner receiving more money than anticipated for the contract. If the annuity must be surrendered when market interest rates are lower than the guaranteed interest rate, the contract owner will receive less than anticipated from the contract.

Questions 16: H

h.	What is the Minimum Guaranteed Interest Rate over the life of the contract? (i.e. required by state law and in the contract)	_____ %	_____ %
----	--	---------	---------

The Minimum Guaranteed Interest Rate is an interest rate that the insurer will credit as the minimum interest rate that is required by state law.

Why is this important? Depending on when the contract was purchased, the interest rate may be higher or lower than the Minimum Guaranteed Interest Rate proposed in the proposed contract.

Questions 16: I–J

i.	If replacing a fixed product to another fixed product, what is the current base fixed interest rate? (exclude any enhancements)	<input type="checkbox"/> N/A _____ %	<input type="checkbox"/> N/A _____ %
j.	If replacing a fixed or equity indexed product to an equity indexed product what is the base fixed interest rate?	<input type="checkbox"/> N/A _____ %	0%



Fixed Annuity To Fixed Annuity: Complete Question 16-I
If the client is not moving from one fixed annuity to another fixed annuity please mark N/A in question 16-I and complete question 16-J.

Ask yourself: Without including enhancements, what is the declared rate that the insurance company is offering for the product? This is the rate above and beyond the Minimum Guaranteed Interest Rate. Please note, because indexed annuities depend on the market to establish the interest rate, there is a possibility that the consumer may not earn additional interest in a given year.

EXCHANGES/REPLACEMENTS SECTION

Questions 16: K

k.

Is there an Annual Surrender Charge Free Withdrawal Privilege?
—Year available for proposed contract?

☐ No

☐ Yes _____ %

☐ No

☐ Yes _____ %

☐ Yr.1 ☐ Yr.2

Choose yes if the contract offers an opportunity for the client to withdrawal funds from the annuity without penalty and indicate the percentage of the annuity amount can they withdrawal.

Questions 16: L–O

l.

Is there a Confinement Waiver Benefit? If Yes, what is the age limitation for the benefit on the annuity?

☐ No

☐ Yes _____ Age

☐ No

☐ Yes _____ Age

m.

Is there a Terminal Illness Waiver/Benefit?

☐ No

☐ Yes

☐ No

☐ Yes

n.

Are there any Rider Benefits being replaced and applied for? If Yes, please list type of rider benefits in the additional space on page 4.

☐ No

☐ Yes

☐ No

☐ Yes

o.

What is the total amount of fees associated with the Rider Benefits?
(Percentages Not Accepted. If there are no fees, please respond N/A or 0.)

\$ _____

\$ _____

Why is this important? These questions review the benefits that may be gained or lost when purchasing the new annuity. Products vary from company to company and often have different riders and benefits so it is important for you to understand what your client will be losing or gaining in a replacement transaction.

- **If there is a rider:** Submit a recent statement that includes rider values and benefits.
- **If owner is non-natural or an entity questions** L and M are not applicable.
- **If the application is signed by power of attorney:** The waiver is not available.

EXCHANGES/REPLACEMENTS SECTION

Questions 16:P-18

► **NOTE:** This question **MUST** be completed for all replacement transactions or risk delay in processing.

16p. Please explain the benefit of the proposed annuity compared to the contract you are replacing.

17. (CALIFORNIA RESIDENTS ONLY) - Do you intend to apply for means-tested government benefits, including but not limited to, Medi-Cal or the veterans' aid and attendance benefit? ☐ Yes ☐ No

Please explain:

18. (CALIFORNIA RESIDENTS ONLY) - If owner is 65 years old or older, was any part of the sales process performed in their home? (If yes, please complete and submit Form 4126) ☐ Yes ☐ No



Use this space to provide us with any additional information about the transaction that can assist our new business areas review the proposed transaction.

Why is this important? By using this space, you can avoid unnecessary calls and emails to you to gather additional information.

STATE-SPECIFIC DISCLOSURES

5 State-Specific Disclosures

► **NOTE:** In CA & MN, completion of all suitability information on this form is required if the owner is a CA or MN resident and a replacement will occur.

► **NEW JERSEY PRODUCERS PLEASE NOTE:** You should maintain in your files any other information you used or considered, not listed above, in making your recommendation.

Prior to selling individual fixed deferred and immediate annuity contracts directly to consumers, the Act requires insurers, insurance producers and non-licensed society producers, representatives or members to make reasonable efforts to obtain and record information regarding:

- the consumer's financial status,
- the consumer's tax status,
- the consumer's investment objectives, and
- any other information considered to be relevant to provide reasonable grounds for believing the annuity is suitable for the consumer.

The form containing this information must be signed and dated by the consumer and must also include information advising the consumer that the sale and suitability of annuities is regulated by the Department of Banking and Insurance and that consumers may obtain assistance from the Department by contacting 609-292-7272 or 1-800-446-7467, or by visiting the Department's website at <https://www.state.nj.us/dobi>.



Use this space to provide us with any additional information about the transaction that can assist our new business areas review the proposed transaction.

Why is this important? By using this space, you can avoid unnecessary calls and emails to you to gather additional information.

OWNER / TRUSTEE / PARTNER & AGENT ACKNOWLEDGMENT AND SIGNATURES

6 Acknowledgement and Signatures

Did you fully complete all the previous suitability questions?

If **YES**, please acknowledge and sign the following:

Owner/Trustee/Partner Section:

I acknowledge that the annuity product I am applying for is a long-term contract with substantial penalties for early withdrawal. I believe that this product meets my financial needs and objectives. If I am exchanging my current annuity, I understand that with this exchange: (1) I am subject to the commencement of a new surrender charge period or commutation schedule; and (2) I will lose the existing contractual benefits.

X _____
Signature of Owner/Trustee/Partner

Date: Month / Day / Year

X _____
Signature of Joint Owner/Trustee/Partner (if applicable)

Date: Month / Day / Year

Insurance Agent Section:

I acknowledge that I have a reasonable belief that the annuity for which the owner is applying for is suitable on the basis of the suitability information provided by the owner and as to his or her financial situation and needs. I have made a reasonable effort to obtain suitability information for the owner as required by law.

X _____
Signature of Insurance Agent

Date: Month / Day / Year

If **NO**, please acknowledge and sign the following:

Owner/Trustee/Partner Section:

I ELECT NOT to provide the information and/or I ELECT NOT to provide answers to certain questions. I acknowledge that I have decided to purchase this annuity without a recommendation from my producer or the Company. I understand that the annuity is a long-term contract with substantial penalties for early withdrawal. I believe that this product meets my financial needs and objectives.

X _____
Signature of Owner/Trustee/Partner

Date: Month / Day / Year

X _____
Signature of Joint Owner/Trustee/Partner (if applicable)

Date: Month / Day / Year

Insurance Agent Section:

The Owner(s) has not provided complete suitability analysis information and has decided to purchase this annuity without my recommendation.

X _____
Signature of Insurance Agent

Date: Month / Day / Year

► NOTE TO INSURANCE AGENT:

You must maintain all documentation regarding this transaction/recommendation for a minimum of 5 years in most states and up to 10 years in certain other states. If any information is missing or changed on this form, the consumer must initial and date all changes or updates.

Why is this important? When you sign the Annuity Best Interest – Suitability Questionnaire / USA PATRIOT Act Form you are acknowledging that the annuity is suitable and in the best interest of your client.



Please note: If there is any missing information, the consumer will be required to initial and date all changes.

USA PATRIOT ACT NOTICE



Separate USA PATRIOT Act Notices are required for each owner/trustee/partner.

7 USA PATRIOT Act Notice To be read by or to customer	
<p>The USA PATRIOT Act requires that we have an Anti-Money Laundering (AML) Program, notify customers that we verify their identity, and collect documents and information sufficient to provide verification. Failure to provide the requested identification will result in delays in the issuance of the requested coverage and may result in a decision not to accept your business.</p> <p>Customer Identification Verification: we require our Insurance Agent to review and verify a current government issued photo ID for EACH Owner/Trustee/Partner associated with a contract. Information on such identification must be record below. If the Owner is a minor or non-legal entity, we must review the identification of the individual who submits an application on behalf of the minor or non-legal entity. We may use third party sources to verify the information provided.</p>	
<p>► NOTE: The following information should be recorded exactly as it appears on the identification reviewed. If more than two owners to a contract, submit an additional USA PATRIOT Act Notice.</p>	
Name of Owner/Trustee/Partner	Name of Joint Owner/Trustee/Partner (if applicable)
Street Address (Not P.O. Box)	Street Address (Not P.O. Box)
City State	City State
Zip Date of Birth	Zip Date of Birth
Number on ID	Number on ID
Identification Expiration Date	Identification Expiration Date
State or Country	State or Country
Form of ID used to verify the identification of the Owner/Trustee/Partner:	Form of ID used to verify the identification of the Joint Owner/Trustee/Partner:
<input type="checkbox"/> Driver's license	<input type="checkbox"/> Driver's license
<input type="checkbox"/> Passport	<input type="checkbox"/> Passport
<input type="checkbox"/> Resident Alien ID "Green Card"	<input type="checkbox"/> Resident Alien ID "Green Card"
<input type="checkbox"/> Other (describe):	<input type="checkbox"/> Other (describe):
<p>1. Check the appropriate entity and submit copies of documentation indicating the existence of a legitimate business entity (e.g. Articles of Incorporation, Certificate of Limited Partnership, Joint Venture Agreement, or similar document/ agreement governing the formation and operation of the entity).</p> <p><input type="checkbox"/> Corporation, LLC, Professional Association <input type="checkbox"/> Limited Partnership</p> <p><input type="checkbox"/> General Partnership or Joint Venture <input type="checkbox"/> Trust and All Other Entities</p> <p>2. Insurance Agent Acknowledgement (check one):</p> <p><input type="checkbox"/> I certify that I personally met with the proposed Owner/Trustee/Partners and reviewed the above identification document. To the best of my knowledge, it accurately reflects the identity of the proposed Owner/Trustee/Partners.</p> <p><input type="checkbox"/> I was unable to personally review the identification documents for the reason stated below. I certify that, to the best of my knowledge, the information provided by the Owner/Trustee/Partners is true and accurate.</p> <p>Reason for not reviewing document: _____</p>	
<p>► NOTE: Failure to personally review the identification documents will result in processing delays in order to verify customer identity and may result in a decision not to accept the business.</p>	
x _____ Insurance Agent Signature	_____ Date: Month / Day / Year

Special Note on Power of Attorney (POA):

- The USA Patriot Act is required on the POA when signing on behalf of an owner.
- The USA Patriot Act is required for **both** owner and POA if the owner is acting adjacent to the POA and has the ability to transact business on the account.
- The USA Patriot Act is required on only the POA if the POA was established because the owner has been declared incompetent by a court of law and cannot transact business on the account.

USA PATRIOT ACT NOTICE

Forms of Identification

If the ID has a P.O. Box for the address: Submit an additional form of acceptable ID that has the physical address.

Forms of Identification accepted:

- State Issued Driver's License
- State Issued Identification Card
- State Issued Permit to Carry a Concealed Handgun
- Resident Alien ID (Green Card)
- Fully Signed Passport
- U. S. Issued Travelers Visa
- U. S. Post Office Employee ID
- Mexican Driver's License (provided it is issued by one of the 31 states or federal district)
- Work Visa
- United States Military/Military Dependent ID
- NASA Employee ID
- U.S. Department of Labor Employee ID
- U.S. Department of Corrections Employee ID
- DC Department of Transportation Employee ID
- United States Veterans Affairs ID
- Country of Guam Driver's License
- Employee ID for Bureau of Indian Affairs
- State Learner's Permit

Forms of Identification NOT accepted:

- Matricula Consular ID
- Registro Federal de Elector
- Tarjeta de Elector
- Library Cards
- Gym ID Cards
- Oklahoma Asbestos Worker Licenses
- Application for EIN
- Native American Tribal Enrollment Card
- Foreign driver's license unless accompanied by passport verification
- International Driver's License

Alternate Ways to Establish Identity

Names & addresses on Proof of Address documents must match those submitted on new business applications. If the parent, spouse, or partner is also the owner or beneficiary and their documentation matches the address on the application, we can accept this documentation.

If an alternate form of identification is accepted, the company must also use Accurint or some other venue to confirm Social Security Number. All related documentation should be imaged to the client's file.

- **Utility bills showing current address** (Cannot be more than 2 months old; Excludes cell phone bills)
- **Vehicle registration**
- **Documentation from the IRS**
- **Statements or other reports** from recognized financial institutions issued since May 2006 and issued no more than twelve months prior to the application date.
- **School ID Cards** (age 18 and under)
- **DC Public School Employee ID**
- **W2 Payroll Stub**
- **Employee ID Cards** (Prior to this form of identification being deemed acceptable, Corporate Compliance must be contacted to research what type of identification requirements and background checks are in place as part of the hiring process at the employer. Employment Verification may also be required.)

GLOSSARY

Annual Gross Income – Total amount of earned income by the owner of the annuity. In cases of trusts, the amount can be the total amount of just the trust or the trust and the grantor of the trust combined.

Liquid Net Worth – The total amount of funds or assets available to the owner of the annuity that can readily be turned into cash without penalty.

Market Value Adjustment – A feature that combines the fixed interest rate guarantees in an annuity with an interest rate adjustment factor that can cause the surrender value of the annuity to fluctuate either positively or negatively in response to market conditions.

Minimum Guaranteed Interest Rate – For a fixed annuity, the minimum interest rate the insurer guarantees to pay on the accumulated value of the annuity for the life of the contract. The minimum rate is almost always stated when the annuity policy is issued, and usually ranges from 1.5% to 3%.

Non-Qualified Annuity – An annuity purchased outside of a tax-advantaged retirement plan or an IRA.

Qualified Annuity – An annuity that qualifies to receive favorable tax treatment and is purchased to either fund or distribute funds from a qualified retirement plan.

Risk Tolerance – The degree to which a person or organization is willing to accept risk.

Reverse Mortgage – A loan under the terms of which a homeowner, who continues to live in and own a home as his/her primary residence, borrows against the equity in his home but is not required to repay the principal and interest during the loan's term. During this time the owner is still responsible for taxes and homeowner's association fees on the home. The funds are repaid at the owner's death.

Replacement – (As defined by the Suitability in Annuity Transactions Model Regulation)

A transaction in which a new policy or contract is to be purchased, and it is known or should be known to the proposing insurance agent, or to the proposing insurer if there is no insurance agent, then by reason of the transaction, an existing policy or contract has been or is to be:

- Lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer or otherwise terminated;

- Converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of non-forfeiture benefits or other policy values;
- Amended so as to effect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid;
- Reissued with any reduction in cash value; or
- Used in a financed purchase.

Suitability Information – (As defined by the Suitability in Annuity Transactions Model Regulation)

Information that is reasonably appropriate to determine the suitability of a recommendation, including the following:

- Age;
- Annual Income;
- Financial situation and needs, including the financial resources used for the funding of the annuity;
- Financial experience;
- Financial objectives;
- Intended use of the annuity;
- Financial time horizon;
- Existing assets, including investment and life insurance holdings;
- Liquidity needs;
- Liquid Net Worth
- Risk tolerance; and
- Tax status
- Reverse Mortgages (Minnesota)

Trust – A legal arrangement whereby one or more persons, called the trustees, hold legal title to property on behalf of another person, called the beneficiary, and are responsible for administering the property for the benefit of the trust beneficiary.

