

ANNUITY SUITABILITY PRODUCER GUIDE



AMERICAN NATIONAL INSURANCE COMPANY,
GALVESTON, TEXAS

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WHAT IS THE PURPOSE OF THIS GUIDE

This Producer's Guide has been designed to assist you in completing the Annuity Suitability Analysis 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 suitable for the consumer based on information **known by the producer at the time the recommendation is made**. Prior to making a recommendation for the purchase or exchange of an annuity product, the producer should make a reasonable effort to obtain relevant 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 relevant information you need to make a "reasonable basis" to believe that the annuity contract you are proposing is suitable for your client, we have given you the Annuity Suitability Analysis Form. This form is a tool you can use that 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.

AMERICAN NATIONAL NEEDS YOUR HELP!

One thing to remember is that we were not in the room when you spoke to client about this transaction. So when we get 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 contract application to American National.

1. Have you taken the annuity product-specific training that American National requires each producer complete prior to selling annuities for American National? If not, be sure to complete this training prior submitting any annuity contract applications.
2. Have you or your client filled out all of the annuity contract forms? Any forms that have not been completely filled out may be delayed in processing. Your client will also be required to initial all updates to the form. So, make sure that all documentation is in good order prior to submitting the application so there are no delays in processing the application.
3. Remember that less is not always more. If you provide us with any additional information about the transaction with the annuity application, then that will assist us in understanding your rationale for the transaction. This will also cut down on phone calls and/or emails to get additional information about the transaction and avoid delays in processing the transaction.



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

ANNUITY SUITABILITY STANDARD

American National's producers are required to comply with this standard in all states where American National transacts business regardless of whether the state where the transaction is entered into has adopted an annuity suitability law. The suitability standard applies, regardless of the age of the consumer.

The annuity suitability standard that American National's producers must follow is as follows:

REASONABLE BELIEF OF SUITABILITY

In recommending to a consumer the purchase of or the exchange of an annuity the producer shall have reasonable grounds for believing that the recommendation is suitable on the basis of facts disclosed by the consumer as to their:

- Investments
- Other insurance products
- Financial situation and needs, including suitability information as listed below

PRODUCER'S GUIDE TO THE SUITABILITY ANALYSIS & PATRIOT ACT FORM

OWNER/JOINT OWNER INFORMATION SECTION

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 3. All trust documentation must accompany this form.

Owner Full Name: _____

Marital Status: Married Single List Number of Dependents: _____ Dependent Ages: _____

Employed: Yes No Part-time Full-time Retired Occupation: _____

Joint Owner Full Name: _____ Relationship to Owner: _____

HOW TO FILL OUT THIS SECTION:

Please include all information related to the owner or joint owner. 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 regardless of whether or not the full form is completed.

FINANCIAL PROFILE SECTION

A producer must ask a consumer/applicant questions concerning his or her:



- 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.

Financial Profile

Note: If joint owner's are spousal please provide the household financial information below. If joint owner's 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 so, 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.

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 Other _____

WHY IS THIS IMPORTANT? Knowing how much a client earns annually and how they obtain that income can tell you if they have enough funds to cover everyday expenses.

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 Indexed Life Insurance
 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. You will be able to tell if there are any investments that your client owns that are easily liquid should there be an emergency.

QUESTIONS 6 - 8

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

Note: Many financial planners recommend that a person maintain an amount of liquid net worth equal to 3 to 6 months of a person's monthly living expenses in case of emergencies.

WHY IS THIS IMPORTANT? 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.

QUESTION 9

9. What is your estimated Federal Income Tax Bracket?
 0% 10% 15% 25% 28% 33% 35% 39%

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.

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 suitability 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. Other compelling factors must be present that you have documented if a Minnesota resident is purchasing the annuity and a reverse mortgage exists on the primary residence.

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. Your client also may be using this annuity as a means to distribute funds to family members in order to meet Medicaid requirements to assist in the costs for these facilities.

TRANSACTION INFORMATION

QUESTIONS 13 - 15

Transaction Information

13. Why are you purchasing this annuity? (Check all that apply)
- Immediate Income Stable Growth Tax Deferral Estate Planning Death Benefit
 Safety of Principal Retirement Other _____
14. With the exception of any surrender charge free withdrawal or immediate annuity payout, do you expect to withdraw any money from this annuity before the end of the surrender charge/penalty period? Yes No
If "Yes", please explain. _____
15. What source of funds will you use to buy this 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 producer 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.

EXCHANGES/REPLACEMENTS

The producer 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

Exchanges/Replacements

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

In 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.



IF A MINNESOTA RESIDENT IS AGE 65 OR OLDER and the recommendation to purchase an annuity involves a replacement that would require the consumer to pay a surrender charge, the producer must be able to demonstrate that the new purchase confers a substantial financial benefit to the consumer over the entire life of the new contract. This legal standard is very high and difficult to prove.

American National recommends that producers not replace or exchange an annuity for a Minnesota resident age 65 or older if a surrender charge will be incurred.

QUESTIONS 16

16. Will the annuity be funded by an Exchange or Replacement? Yes No If yes, please complete 16a. through 16p.

Besides this exchange, have you exchanged an annuity within the last 36 months, (60 months in MN)? Yes No

If so, please list the product name and company of the prior exchanged annuity and the reason for the exchange: _____

WHY IS THIS IMPORTANT? When your sale involves the replacement of an existing life insurance or annuity contract, American National 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

a. Is there a surrender charge? If yes, list the current dollar amount.

Replaced

No
 Yes \$ _____

Proposed

NOT APPLICABLE

WHY IS THIS IMPORTANT? Will the client incur surrender charges because of this transaction? If so, can 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.

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?

WHY IS THIS IMPORTANT? For example, if your client is a senior and they only have a few years or no years left in the surrender charge period in their existing annuity, it is difficult to argue to put them in a contract that may have 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

WHY IS THIS IMPORTANT? Helps us 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.

NOT APPLICABLE

No
 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: Palladium MYG contracts over \$100,000 receive an additional .10 crediting

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?

QUESTIONS 16: F - G

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

ASK YOURSELF: Will the client incur a Market Value Adjustment if they surrender their contract prior to the timeframe 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. 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)	_____ %	_____ %
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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 declared interest rate may be higher or lower than the current Minimum Guaranteed Interest Rate stated in the 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 indexed product to an indexed product what is the base fixed interest rate?	<input type="checkbox"/> N/A _____ %	0%

i **FIXED ANNUITY TO FIXED ANNUITY: COMPLETE QUESTION 16 - I**
If the client is NOT moving from one fixed annuity to 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 drive the interest rate, there is a possibility that the consumer may not earn additional funds and no interest may be credited.

QUESTIONS 16: K

<p>k. Is there an Annual Surrender Charge Free Withdrawal Privilege? -Year available for proposed contract?</p>	<input type="checkbox"/> No <input type="checkbox"/> Yes _____ %	<input type="checkbox"/> No <input type="checkbox"/> Yes _____ % <input type="checkbox"/> Yr.1 <input type="checkbox"/> 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

<p>l. Is there a Confinement Waiver Benefit? If yes, what is the age limitation for the benefit on the annuity?</p>	<input type="checkbox"/> No <input type="checkbox"/> Yes _____ Age	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes _____ 80 _____ Age
<p>m. Is there a Terminal Illness Waiver/Benefit?</p>	<input type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes
<p>n. Are there any Rider Benefits being applied for? If yes, please list benefits in the additional space on of page 3.</p>	<input type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Yes
<p>o. What is the total amount of the Rider Benefit fees being applied for? (If there are no fees, please respond N/A or 0.)</p>	\$ _____	\$ _____

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 American National to understand what your client will be losing or gaining in a replacement transaction.

QUESTIONS 16: P & AGENT'S ACKNOWLEDGMENT

Please explain the benefit of the proposed annuity compared to the contract you are replacing. **(Do Not Leave Blank) (If needed, use the additional space below.)**

p. _____

Agent's Acknowledgment: In addition to the suitability information provided above I considered the following additional information. (Use separate page if necessary.)



Use this space to provide us with any additional information about the transaction that can assist our new business areas determine the suitability of the transaction for your client.

WHY IS THIS IMPORTANT? By using this space, you can avoid unnecessary calls and emails to you to gather additional information.

ACKNOWLEDGMENT AND SIGNATURES

The producer should consider the following when making a recommendation that involves the **REPLACEMENT** of Make sure that the form is COMPLETELY filled out so that you do not incur delays in issuance of the annuity contract because of lack of information.

Acknowledgement and Signatures

Did you fully complete all suitability questions above?

Minnesota has a heightened suitability standard for customers 65 years or older when a replacement is considered, completion of all suitability information on this form is required.



IN MINNESOTA: If a client is 65 or older and a replacement is involved, the client **MUST** provide personal and financial information in order to be accepted and issued.

SIGNATURES

If the client fully completed the form:

- Sign the YES box on the left
- Make sure that all of the questions have been answered so there are no delays in processing

If the client did NOT fully complete the form:

- Sign the NO box on the right
- This should only be used for those customers that REFUSE to provide information.

If Yes, please acknowledge and sign the following:

Owner 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.

Signature of Owner (or Trustee if owner is Trust) Date

Signature of Joint Owner Date

If No, please acknowledge and sign the following:

Owner 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 agent 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.

Signature of Owner (or Trustee if owner is Trust) Date

Signature of Joint Owner Date

PRODUCER ACKNOWLEDGMENT

Agent/Producer 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.

Signature of Agent/Producer

Date

Note to Producer: 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.

Agent/Producer Section:

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

Signature of Agent/Producer

Date

WHY IS THIS IMPORTANT? When you sign the Annuity Suitability Analysis Form you are acknowledging that the annuity is suitable for your client based on the information provided.



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.

QUESTION 1: A

- Additional Acceptable Forms of Identification:
- State Issued Driver's License
- State Issued Identification Card
- State Issued Permit To Carry A Concealed Handgun
- Resident Alien ID (Green Card)
- Full 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
- State of Florida, Juvenile Justice Detention, Employee ID
- United States Veterans Affairs ID
- Country of Guam Driver's License
- Employee ID for Bureau of Indian Affairs
- New York State Learner's Permit
- Florida Department of Health Employee ID

USA PATRIOT Act Notice – to be read by or to customer.

Note: For multiple owners, please submit a separate USA Patriot Act Notice for each owner.

1. The USA PATRIOT Act requires that we establish an Anti-Money Laundering ("AML") Program, notify customers that we must verify the identity of the owner of our contracts, and collect documents and information sufficient to provide such 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.

Customer Identification Verification – In order to satisfy such obligations, we require our representative 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 recorded below. If the Owner is a minor or non-legal entity, 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.

a. Identification Verified

Owner/Trustee/Partner

Check one form of ID:

- Driver's license
- Resident Alien ID (Green Card)
- Passport
- Other: (Describe) _____

The following information should be recorded exactly as it appears on the identification reviewed.

Owner _____ Date of Birth _____

Street Address (not PO Box) _____

City _____ State _____ Zip _____

Number on ID _____ Identification Expiration Date _____ State or Country _____

- b. **Entity Verification:** Check the appropriate entity as listed below and submit copies of documentation viewed to gain first-hand knowledge of the existence of a legitimate business.

Corporation, LLC, professional association, or professional corporation: Articles of Incorporation, Organization or Association or similar document filed in the state in which the entity is formed

Limited Partnership: Certificate of Limited Partnership or similar document filed in the state where the partnership is formed

General Partnership or Joint Venture: Agreement, Joint Venture Agreement or similar agreement governing the formation and operation of the partnership

Trust and All Other Entities: Document governing the formation and operation of the entity

2. Agent/Representative Acknowledgement:

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.

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.

Reason for not reviewing document: _____

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.

Representative Signature: _____ Date: _____

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.

GLOSSARY

ANNUAL GROSS INCOME – Total amount of earned income in 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 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 producer, or to the proposing insurer if there

is no producer, that by reason of the transaction, an existing policy or contract has been or is to be:

1. Lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer or otherwise terminated;
2. 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;
3. 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;
4. Reissued with any reduction in cash value; or
5. Used in a financed purchase.

SUITABILITY INFORMATION – (As defined by the Suitability in Annuity Transactions Mode Regulation)

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

1. Age;
2. Annual Income;
3. Financial situation and needs, including the financial resources used for the funding of the annuity;
4. Financial experience;
5. Financial objectives;
6. Intended use of the annuity;
7. Financial time horizon;
8. Existing assets, including investment and life insurance holdings;
9. Liquidity needs;
10. Liquid Net Worth
11. Risk tolerance; and
12. Tax status
13. 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.