



200 N. Martingale Rd., Ste. 405  
Schaumburg, IL 60173  
847-342-4500  
info@1891FinancialLife.com  
www.1891FinancialLife.com

## FIXED SINGLE-PREMIUM DEFERRED ANNUITY DISCLOSURE

### Multi-Year Interest Rate Guarantee Periods

This document reviews important points to think about before you buy this 1891 Financial Life annuity. This annuity is single premium, which means you buy it with one premium (payment). It is a fixed annuity which means it earns a specified interest rate during the guaranteed period. This annuity is tax-deferred, which means you do not pay taxes on the interest it earns until the money is paid to you.

You can use an annuity to save money for retirement and to receive retirement income for life. It is not meant to be used to meet short-term financial goals.

If you have questions about this annuity, please ask your agent or contact a Home Office Sales Representative at 800-344-6273.

#### The Annuity Contract

##### How will the value of my annuity grow?

Your annuity earns tax-deferred interest at a guaranteed minimum rate for a guaranteed period. Your annuity has an initial guaranteed interest period of 5 years. Interest compounds daily and is credited to your annuity daily.

Before the end of each guaranteed period, you will have 45 days to either choose a new guaranteed period or surrender (cancel and withdraw the money from) your annuity. If you choose to surrender, no withdrawal charges will be applied. If you do not make a choice, a new guaranteed period begins that is the same length as the one before. The new guaranteed rate depends on the length of the new guaranteed period and current market rates. Interest compounds daily at the new rate in the new period.

The account value of your annuity cannot go down.

#### Benefits

##### How do I get income (payouts) from my annuity?

Your annuity is scheduled to begin paying you an income at the later of your Age 70, or 10 years after it is issued. You may elect to change when payments begin. You may also choose how to receive your income by electing the payment, or settlement, option. If no option is elected, the default option will be Life with Period Certain 10 Year.

Your settlement option choices are:

- **Life Only:** Guarantees income for as long as you live.
- **Fixed Amount:** income payable in equal monthly installments until the account balance is depleted.
- **Period Certain:** Guarantees income for a period of 5, 10, 15, or 20 years. If you die within the "period certain", income is paid to your beneficiary for the rest of the period.
- **Life income with Period Certain:** Guarantees income for as long as you live. If you die within the "period certain", income is paid to your beneficiary for the rest of the period.
- **Lump sum:** One payout.

Once the payments begin, you cannot make any changes.

##### What happens after I die?

If you die before we start to pay you income from your annuity, we pay the then current cash surrender value of your annuity to your beneficiary. If the Enhanced Death Benefit rider has been elected, the then current Accumulation Value will be paid as the Death Benefit.

If you die after the payouts start, depending on the type of payout you chose, we pay the remaining value in the annuity, if any, to your beneficiary.

## Riders

### What is the benefit of a Rider?

Riders offset some or all of the withdrawal charge that would otherwise apply.

## Fees, Expenses & Other Charges

### What happens if I take out some or all of the money from my annuity?

After the payout begins, you cannot take any of the money out of your annuity.

Before it begins, you can take out all of your annuity's value (full surrender) or part of it (partial surrender). You can take a partial surrender as long as the amount you take is at least \$500 and you leave at least \$5,000 in the account.

We take a withdrawal charge (also known as a surrender charge) from amounts you withdraw. This charge is not applied during the last 45 days of a guarantee period.

Here is how the charge is calculated:

Guarantee Period Year	1	2	3	4	5
Withdrawal Charge	9%	8%	7%	6%	5%

*Example: If you withdraw \$5,000 from your annuity in the third year of a guarantee period, your surrender charge is \$5,000 x 7% = \$350.*

### Do I pay any other fees or charges?

No, there are no other fees or charges on this annuity.

## Taxes

### How will payouts and withdrawals from my annuity be taxed?

This annuity is tax-deferred, which means you do not pay taxes on the interest it earns until the money is paid to you. When you take payouts or make a withdrawal, you pay ordinary income taxes on the earned interest. You also pay a 10% federal income tax penalty on earnings you withdraw before age 59-1/2. If your state imposes a premium tax, it will be deducted from the money you receive.

You can exchange one tax-deferred annuity for another without paying taxes on the earnings when you make the exchange. Before you do, compare the benefits, features, and costs of the two annuities. You may pay a surrender charge if you make the exchange while the withdrawal charge is effective. Also, you may pay a surrender charge if you make withdrawals from the new annuity during the first years you own it.

### Does buying an annuity in a retirement plan provide extra tax benefits?

Buying an annuity within an IRA, 401 (k), or other tax-deferred retirement plan does not give you any extra tax benefits. Choose your annuity based on its other features and benefits as well as its risks and costs, not its tax benefits.

Consult your tax advisor for your specific situation.

## Other Information

### What else do I need to know?

- Once you start to receive your payouts, you cannot surrender your annuity.
- We may change your annuity contract from time to time to follow federal or state laws and regulations. If we do, we will tell you about the changes in writing.
- We pay the agent a commission for selling the annuity to you.
- Many states have laws that give you a set number of days to look at an annuity after you buy it. If you decide during that time that you do not want it, you can return the annuity and get all your money back.
- Read your contract's Cover Page to learn about your free look period.

### What should I know about the insurance company?

1891 Financial Life is a community-based insurance organization that offers products and member benefits that assist individuals and their families in achieving financial security, while helping to build stronger communities by supporting service projects that reflect common shared values.

**MAIN STREET vs. WALL STREET:** As a not-for-profit organization, money that would normally be paid to shareholders in a for-profit company is instead given back to the 1891 Financial Life members and their communities in the form of programs and benefits made possible by insurance sales.

Our financial strength rating is BBB- (KBRA).



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## FIXED FLEXIBLE-PREMIUM DEFERRED ANNUITY DISCLOSURE 3-Year Withdrawal Charge Period

This document reviews important points to think about before you buy this 1891 Financial Life annuity. This annuity is flexible premium, which means you can purchase it with multiple premiums (payments). It is a fixed annuity which means it earns a specified interest rate during the guaranteed period. This annuity is tax-deferred, which means you do not pay taxes on the interest it earns until the money is paid to you.

You can use an annuity to save money for retirement and to receive retirement income for life. It is not meant to be used to meet short-term financial goals.

If you have questions about this annuity, please ask your agent or contact a Home Office Sales Representative at 800-344-6273.

### The Annuity Contract

#### How will the value of my annuity grow?

Your annuity earns tax-deferred interest at a guaranteed minimum rate for a guaranteed period. Your annuity has an initial guaranteed interest period of 1 year. Interest compounds daily and is credited to your annuity account daily.

After the first year, your annuity will earn the current renewal interest rate. This rate can never be lower than the minimum guaranteed interest rate of 2.80%.

The account value of your annuity cannot go down.

### Benefits

#### How do I get income (payouts) from my annuity?

Your annuity is scheduled to begin paying you an income at the later of your Age 100. You may elect to change when payments begin. You may also choose how to receive your income by electing the payment, or settlement, option. If no option is elected, the default option will be Life with Period Certain 10 Year.

Your settlement option choices are:

- **Life Only:** Guarantees income for as long as you live.
- **Fixed Amount:** income payable in equal monthly installments until the account balance is depleted.
- **Period Certain:** Guarantees income for a period of 5, 10, 15, or 20 years. If you die within the "period certain", income is paid to your beneficiary for the rest of the period.
- **Life income with Period Certain:** Guarantees income for as long as you live. If you die within the "period certain", income is paid to your beneficiary for the rest of the period.
- **Lump sum:** One payout.

Once the payments begin, you cannot make any changes.

#### What happens after I die?

If you die before we start to pay you income from your annuity, the current Accumulation Value will be paid as the Death Benefit.

If you die after the payouts start, depending on the type of payout you chose, we pay the remaining value in the annuity, if any, to your beneficiary.

## Fees, Expenses & Other Charges

### What happens if I take out some or all of the money from my annuity?

After the payout begins, you cannot take any of the money out of your annuity.

Before it begins, you can take out all of your annuity's value (full surrender) or part of it (partial surrender). You can take a partial surrender as long as the amount you take is at least \$500 and you leave at least \$1,000 in the account. Beginning in the second year, you may withdraw up to 10% of the Accumulation Value without a charge.

We take a withdrawal charge (also known as a surrender charge) from amounts you withdraw.

Here is how the charge is calculated:

Certificate Year	1	2	3	4+
Withdrawal Charge	9%	8%	7%	0%

*Example: If you withdraw \$500 from your annuity with an Accumulation Value of \$2,000 in the third certificate year, your surrender charge is  $(\$2,000 \times 10\% = \$200$  Free of charge),  $\$500 - \$200 = \$300 \times 7\% = \$27$ .*

### Do I pay any other fees or charges?

No, there are no other fees or charges on this annuity.

## Taxes

### How will payouts and withdrawals from my annuity be taxed?

This annuity is tax-deferred, which means you do not pay taxes on the interest it earns until the money is paid to you. When you take payouts or make a withdrawal, you pay ordinary income taxes on the earned interest. You also pay a 10% federal income tax penalty on earnings you withdraw before age 59-1/2. If your state imposes a premium tax, it will be deducted from the money you receive.

You can exchange one tax-deferred annuity for another without paying taxes on the earnings when you make the exchange. Before you do, compare the benefits, features, and costs of the two annuities. You may pay a surrender charge if you make the exchange during the first seven years you own the annuity. Also, you may pay a surrender charge if you make withdrawals from the new annuity during the first years you own it.

### Does buying an annuity in a retirement plan provide extra tax benefits?

Buying an annuity within an IRA, 401 (k), or other tax-deferred retirement plan does not give you any extra tax benefits. Choose your annuity based on its other features and benefits as well as its risks and costs, not its tax benefits.

Consult your tax advisor for your specific situation.

## Other Information

### What else do I need to know?

- Once you start to receive your payouts, you cannot surrender your annuity.
- We may change your annuity contract from time to time to follow federal or state laws and regulations. If we do, we will tell you about the changes in writing.
- We pay the agent a commission for selling the annuity to you.
- Many states have laws that give you a set number of days to look at an annuity after you buy it. If you decide during that time that you do not want it, you can return the annuity and get all your money back.
- Read your contract's Cover Page to learn about your free look period.

### What should I know about the insurance company?

1891 Financial Life is a community-based insurance organization that offers products and member benefits that assist individuals and their families in achieving financial security, while helping to build stronger communities by supporting service projects that reflect common shared values.

**MAIN STREET vs. WALL STREET:** As a not-for-profit organization, money that would normally be paid to shareholders in a for-profit company is instead given back to the 1891 Financial Life members and their communities in the form of programs and benefits made possible by insurance sales.





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## FIXED FLEXIBLE-PREMIUM DEFERRED ANNUITY DISCLOSURE 7-Year Withdrawal Charge Period

This document reviews important points to think about before you buy this 1891 Financial Life annuity. This annuity is flexible premium, which means you can purchase it with multiple premiums (payments). It is a fixed annuity which means it earns a specified interest rate during the guaranteed period. This annuity is tax-deferred, which means you do not pay taxes on the interest it earns until the money is paid to you.

You can use an annuity to save money for retirement and to receive retirement income for life. It is not meant to be used to meet short-term financial goals.

If you have questions about this annuity, please ask your agent or contact a Home Office Sales Representative at 800-344-6273.

### The Annuity Contract

#### How will the value of my annuity grow?

Your annuity earns tax-deferred interest at a guaranteed minimum rate for a guaranteed period. Your annuity has an initial guaranteed interest period of 1 year. Interest compounds daily and is credited to your annuity account daily.

After the first year, your annuity will earn the current renewal interest rate. This rate can never be lower than the minimum guaranteed interest rate of 2.80%.

The account value of your annuity cannot go down.

### Benefits

#### How do I get income (payouts) from my annuity?

Your annuity is scheduled to begin paying you an income at the later of your Age 100. You may elect to change when payments begin. You may also choose how to receive your income by electing the payment, or settlement, option. If no option is elected, the default option will be Life with Period Certain 10 Year.

Your settlement option choices are:

- **Life Only:** Guarantees income for as long as you live.
- **Fixed Amount:** income payable in equal monthly installments until the account balance is depleted.
- **Period Certain:** Guarantees income for a period of 5, 10, 15, or 20 years. If you die within the "period certain", income is paid to your beneficiary for the rest of the period.
- **Life income with Period Certain:** Guarantees income for as long as you live. If you die within the "period certain", income is paid to your beneficiary for the rest of the period.
- **Lump sum:** One payout.

Once the payments begin, you cannot make any changes.

#### What happens after I die?

If you die before we start to pay you income from your annuity, the current Accumulation Value will be paid as the Death Benefit.

If you die after the payouts start, depending on the type of payout you chose, we pay the remaining value in the annuity, if any, to your beneficiary.

## Fees, Expenses & Other Charges

### What happens if I take out some or all of the money from my annuity?

After the payout begins, you cannot take any of the money out of your annuity.

Before it begins, you can take out all of your annuity's value (full surrender) or part of it (partial surrender). You can take a partial surrender as long as the amount you take is at least \$500 and you leave at least \$1,000 in the account. Beginning in the second year, you may withdraw up to 10% of the Accumulation Value without a charge.

We take a withdrawal charge (also known as a surrender charge) from amounts you withdraw.

Here is how the charge is calculated:

Certificate Year	1	2	3	4	5	6	7	8+
Withdrawal Charge	9%	8%	7%	6%	5%	4%	3%	0%

*Example: If you withdraw \$500 from your annuity with an Accumulation Value of \$2,000 in the third certificate year, your surrender charge is  $(\$2,000 \times 10\% = \$200$  Free of charge),  $\$500 - \$200 = \$300 \times 7\% = \$27$ .*

### Do I pay any other fees or charges?

No, there are no other fees or charges on this annuity.

## Taxes

### How will payouts and withdrawals from my annuity be taxed?

This annuity is tax-deferred, which means you do not pay taxes on the interest it earns until the money is paid to you. When you take payouts or make a withdrawal, you pay ordinary income taxes on the earned interest. You also pay a 10% federal income tax penalty on earnings you withdraw before age 59-1/2. If your state imposes a premium tax, it will be deducted from the money you receive.

You can exchange one tax-deferred annuity for another without paying taxes on the earnings when you make the exchange. Before you do, compare the benefits, features, and costs of the two annuities. You may pay a surrender charge if you make the exchange during the first seven years you own the annuity. Also, you may pay a surrender charge if you make withdrawals from the new annuity during the first years you own it.

### Does buying an annuity in a retirement plan provide extra tax benefits?

Buying an annuity within an IRA, 401 (k), or other tax-deferred retirement plan does not give you any extra tax benefits. Choose your annuity based on its other features and benefits as well as its risks and costs, not its tax benefits.

Consult your tax advisor for your specific situation.

## Other Information

### What else do I need to know?

- Once you start to receive your payouts, you cannot surrender your annuity.
- We may change your annuity contract from time to time to follow federal or state laws and regulations. If we do, we will tell you about the changes in writing.
- We pay the agent a commission for selling the annuity to you.
- Many states have laws that give you a set number of days to look at an annuity after you buy it. If you decide during that time that you do not want it, you can return the annuity and get all your money back.
- Read your contract's Cover Page to learn about your free look period.

### What should I know about the insurance company?

1891 Financial Life is a community-based insurance organization that offers products and member benefits that assist individuals and their families in achieving financial security, while helping to build stronger communities by supporting service projects that reflect common shared values.

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## FIXED FLEXIBLE-PREMIUM DEFERRED ANNUITY DISCLOSURE 10-Year Withdrawal Charge Period

This document reviews important points to think about before you buy this 1891 Financial Life annuity. This annuity is flexible premium, which means you can purchase it with multiple premiums (payments). It is a fixed annuity which means it earns a specified interest rate during the guaranteed period. This annuity is tax-deferred, which means you do not pay taxes on the interest it earns until the money is paid to you.

You can use an annuity to save money for retirement and to receive retirement income for life. It is not meant to be used to meet short-term financial goals.

If you have questions about this annuity, please ask your agent or contact a Home Office Sales Representative at 800-344-6273.

### The Annuity Contract

#### How will the value of my annuity grow?

Your annuity earns tax-deferred interest at a guaranteed minimum rate for a guaranteed period. Your annuity has an initial guaranteed interest period of 1 year. Interest compounds daily and is credited to your annuity account daily.

After the first year, your annuity will earn the current renewal interest rate. This rate can never be lower than the minimum guaranteed interest rate of 2.80%.

The account value of your annuity cannot go down.

### Benefits

#### How do I get income (payouts) from my annuity?

Your annuity is scheduled to begin paying you an income at the later of your Age 100. You may elect to change when payments begin. You may also choose how to receive your income by electing the payment, or settlement, option. If no option is elected, the default option will be Life with Period Certain 10 Year.

Your settlement option choices are:

- **Life Only:** Guarantees income for as long as you live.
- **Fixed Amount:** income payable in equal monthly installments until the account balance is depleted.
- **Period Certain:** Guarantees income for a period of 5, 10, 15, or 20 years. If you die within the "period certain", income is paid to your beneficiary for the rest of the period.
- **Life income with Period Certain:** Guarantees income for as long as you live. If you die within the "period certain", income is paid to your beneficiary for the rest of the period.
- **Lump sum:** One payout.

Once the payments begin, you cannot make any changes.

#### What happens after I die?

If you die before we start to pay you income from your annuity, the current Accumulation Value will be paid as the Death Benefit.

If you die after the payouts start, depending on the type of payout you chose, we pay the remaining value in the annuity, if any, to your beneficiary.

## Fees, Expenses & Other Charges

### What happens if I take out some or all of the money from my annuity?

After the payout begins, you cannot take any of the money out of your annuity.

Before it begins, you can take out all of your annuity's value (full surrender) or part of it (partial surrender). You can take a partial surrender as long as the amount you take is at least \$500 and you leave at least \$1,000 in the account. Beginning in the second year, you may withdraw up to 10% of the Accumulation Value without a charge.

We take a withdrawal charge (also known as a surrender charge) from amounts you withdraw.

Here's how the charge is calculated:

Certificate Year	1	2	3	4	5	6	7	8	9	10	11+
Withdrawal Charge	10%	9%	8%	7%	6%	5%	4%	3%	2%	1%	0%

*Example: If you withdraw \$500 from your annuity with an Accumulation Value of \$2,000 in the fourth certificate year, your surrender charge is (\$2,000 x 10% = \$200 Free of charge), \$500 - \$200 = \$300 x 7% = \$27.*

### Do I pay any other fees or charges?

No, there are no other fees or charges on this annuity.

## Taxes

### How will payouts and withdrawals from my annuity be taxed?

This annuity is tax-deferred, which means you do not pay taxes on the interest it earns until the money is paid to you. When you take payouts or make a withdrawal, you pay ordinary income taxes on the earned interest. You also pay a 10% federal income tax penalty on earnings you withdraw before age 59-1/2. If your state imposes a premium tax, it will be deducted from the money you receive.

You can exchange one tax-deferred annuity for another without paying taxes on the earnings when you make the exchange. Before you do, compare the benefits, features, and costs of the two annuities. You may pay a surrender charge if you make the exchange during the first ten years you own the annuity. Also, you may pay a surrender charge if you make withdrawals from the new annuity during the first years you own it.

### Does buying an annuity in a retirement plan provide extra tax benefits?

Buying an annuity within an IRA, 401 (k), or other tax-deferred retirement plan does not give you any extra tax benefits. Choose your annuity based on its other features and benefits as well as its risks and costs, not its tax benefits.

Consult your tax advisor for your specific situation.

## Other Information

### What else do I need to know?

- Once you start to receive your payouts, you can't surrender your annuity.
- We may change your annuity contract from time to time to follow federal or state laws and regulations. If we do, we will tell you about the changes in writing.
- We pay the agent, a commission for selling the annuity to you.
- Many states have laws that give you a set number of days to look at an annuity after you buy it. If you decide during that time that you do not want it, you can return the annuity and get all your money back.
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### What should I know about the insurance company?

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## INDIVIDUAL ANNUITY APPLICATION

HOME OFFICE USE: Certificate \_\_\_\_\_ Effective Date \_\_\_\_\_ Court / Impact Team \_\_\_\_\_

### PLAN INFORMATION – please print full legal names

#### 1) ANNUITANT - please print

First Name \_\_\_\_\_ Middle Name \_\_\_\_\_ Last Name \_\_\_\_\_

Address / Apt. No. \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Primary Phone No. \_\_\_\_\_ Alternate Phone No. \_\_\_\_\_ E-Mail Address \_\_\_\_\_

SSN / TIN \_\_\_\_\_ DOB   /  /   Age \_\_\_\_\_ Birth State \_\_\_\_\_ Gender:  M  F

Driver's License State & No. \_\_\_\_\_ Occupation \_\_\_\_\_ Employer \_\_\_\_\_

Annual Income \_\_\_\_\_ Net Worth \_\_\_\_\_ Marital Status:  Married  Single  Widowed  Divorced  Civil Union

#### 2) OWNER - if different from Annuitant (For Trust, use First Name line only and include Trust Date and Trustee Names)

First Name \_\_\_\_\_ Middle Name \_\_\_\_\_ Last Name \_\_\_\_\_

Address / Apt. No. \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Primary Phone No. \_\_\_\_\_ Alternate Phone No. \_\_\_\_\_ E-Mail Address \_\_\_\_\_

SSN / TIN \_\_\_\_\_ DOB   /  /   Age \_\_\_\_\_ Birth State \_\_\_\_\_ Gender:  M  F

Driver's License State & No. \_\_\_\_\_ Occupation \_\_\_\_\_ Employer \_\_\_\_\_

Annual Income \_\_\_\_\_ Net Worth \_\_\_\_\_ Relationship to Insured \_\_\_\_\_

## BENEFICIARIES

Beneficiaries share equally unless otherwise indicated.

If a percentage is indicated, use whole number percentages and the allocation total must equal 100%.

PRIMARY  CONTINGENT

(For a TRUST, check here  and use First Name line only and include Trust Date and Trustee Names)

_____	_____	Gender: <input type="checkbox"/> M <input type="checkbox"/> F	<table border="1"><tr><td>_____ %</td></tr></table>	_____ %
_____ %				
First Name	Last Name		Percentage	
_____	_____	_____	_____	
Address / Apt. No.	City	State	Zip	
_____	_____	_____	_____	
Primary Phone No.	Alternate Phone No.	E-Mail Address		
_____	_____/_____/_____	_____		
SSN / TIN	DOB (MM/DD/YYYY)	Relationship		

PRIMARY  CONTINGENT

(For a TRUST, check here  and use First Name line only and include Trust Date and Trustee Names)

_____	_____	Gender: <input type="checkbox"/> M <input type="checkbox"/> F	<table border="1"><tr><td>_____ %</td></tr></table>	_____ %
_____ %				
First Name	Last Name		Percentage	
_____	_____	_____	_____	
Address / Apt. No.	City	State	Zip	
_____	_____	_____	_____	
Primary Phone No.	Alternate Phone No.	E-Mail Address		
_____	_____/_____/_____	_____		
SSN / TIN	DOB (MM/DD/YYYY)	Relationship		

PRIMARY  CONTINGENT

(For a TRUST, check here  and use First Name line only and include Trust Date and Trustee Names)

_____	_____	Gender: <input type="checkbox"/> M <input type="checkbox"/> F	<table border="1"><tr><td>_____ %</td></tr></table>	_____ %
_____ %				
First Name	Last Name		Percentage	
_____	_____	_____	_____	
Address / Apt. No.	City	State	Zip	
_____	_____	_____	_____	
Primary Phone No.	Alternate Phone No.	E-Mail Address		
_____	_____/_____/_____	_____		
SSN / TIN	DOB (MM/DD/YYYY)	Relationship		

PRIMARY  CONTINGENT

(For a TRUST, check here  and use First Name line only and include Trust Date and Trustee Names)

_____	_____	Gender: <input type="checkbox"/> M <input type="checkbox"/> F	<table border="1"><tr><td>_____ %</td></tr></table>	_____ %
_____ %				
First Name	Last Name		Percentage	
_____	_____	_____	_____	
Address / Apt. No.	City	State	Zip	
_____	_____	_____	_____	
Primary Phone No.	Alternate Phone No.	E-Mail Address		
_____	_____/_____/_____	_____		
SSN / TIN	DOB (MM/DD/YYYY)	Relationship		

## ANNUITY DETAILS

1) **PREMIUM** \$ \_\_\_\_\_ and/or approximate amount of transfer \$ \_\_\_\_\_

(Flexible Only) Additional Contributions: \$ \_\_\_\_\_

Reminder Frequency  Annual  Monthly  Quarterly  Semi-annual

### 2) PRODUCT SELECTION

#### Single Premium:

5-year MYGA Premier Plus

#### Automatic Riders

- Free Partial Withdrawal
- Enhanced Death Benefit
- Terminal Illness/Nursing Home Care or Hospital Confinement

#### Flexible Premium:

- 3-year Surrender Period
- 7-year Surrender Period
- 10-year Surrender Period

### 3) TAX STATUS - Choose one of the three options (a, b, or c)

**a) Non-Qualified** – check all that apply and submit all related forms

- New Purchase  Transfer
- Other \_\_\_\_\_

**b) Traditional Individual Retirement Annuity (IRA)** – check one and submit all related forms

- New Purchase [Tax Year: \_\_\_\_\_]  Rollover
- Transfer  Other \_\_\_\_\_

**c) Roth Individual Retirement Annuity** Five-year holding period start year: \_\_\_\_\_

– check one and submit all related forms

- New Purchase [Tax Year: \_\_\_\_\_]  Rollover
- Conversion  Transfer
- Other \_\_\_\_\_

## EXISTING PLANS AND REPLACEMENT INFORMATION

Does the applicant have any existing or pending life insurance, annuities, or long-term-care insurance with this company or any other company?

Yes (please list below)  No

<u>Name of Company</u>	<u>Date of Issue</u>	<u>Amount</u>	<u>Purpose (Business/Personal)</u>	<u>ADB Amount</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Is the insurance applied for intended to replace or change any life insurance, annuities, or long-term-care insurance in force with this company or any other company?

Yes (indicate below and complete Replacement Form)  No

<u>Name of Company</u>	<u>Date of Issue</u>	<u>Amount</u>	<u>Purpose (Business/Personal)</u>	<u>ADB Amount</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

**AGREEMENT and ACKNOWLEDGEMENT**

I, \_\_\_\_\_, Annuitant, agree to abide by the articles of incorporation, constitution and laws, rules and regulations of 1891 Financial Life which are now in force or may be adopted by 1891 Financial Life in the future.

I also acknowledge receipt of the Notice of Information Practices.

The Annuitant and Owner, if any, agree that:

they have read the application and all statements and answers as they pertain to them, and that these statements and answers are true and complete to the best of their knowledge and belief, and

the statements and answers in the application are the basis for any contract issued by 1891 Financial Life, and that no information about them will be considered to have been given to 1891 Financial Life unless it is stated in the application, and that they will notify 1891 Financial Life of any changes in the statements or answers given in the application between the time of the application and delivery of the contract, and

That 1891 Financial Life will have no liability until:

- (i) A contract is issued on this application and delivered to and accepted by the owner; and
- (ii) The first premium due is paid in full while each proposed owner and annuitant is alive.

No producer has authority to waive any question or otherwise modify this application, or to bind 1891 Financial Life in any way by making any promise or representation which is not set out in writing in this application.

1891 FINANCIAL LIFE IS LICENSED TO DO BUSINESS AS A FRATERNAL BENEFIT SOCIETY. AS SUCH, IT IS NOT INCLUDED IN ANY STATE'S LIFE AND HEALTH GUARANTY ASSOCIATION (OTHERWISE KNOWN AS THE GUARANTY ASSOCIATION). THIS MEANS THAT FRATERNAL BENEFIT SOCIETIES CANNOT BE ASSESSED FOR THE INSOLVENCY OF OTHER LIFE INSURERS OR OTHER FRATERNAL BENEFIT SOCIETIES. BY LAW, A FRATERNAL BENEFIT SOCIETY IS RESPONSIBLE FOR ITS OWN SOLVENCY. IF THERE IS AN IMPAIRMENT OF RESERVES, A CERTIFICATE HOLDER MAY BE ASSESSED A PROPORTIONATE SHARE OF THE IMPAIRMENT. THIS PROCESS IS DESCRIBED IN THE CERTIFICATE ISSUED BY 1891 FINANCIAL LIFE.

Any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.

Signed at \_\_\_\_\_ on \_\_\_\_\_  
CITY STATE DATE

X \_\_\_\_\_  
SIGNATURE OF ANNUITANT  
*-if age 16 or over, or Parent or Guardian if under age 16 or the age of majority required by the state where the policy is issued for delivery*

X \_\_\_\_\_  
SIGNATURE OF OWNER – *If not the Annuitant*  
*-if the Owner is a Trust or other entity, give title of signee(s)*



**PRODUCER'S REPORT**

**Producer Checklist (Provide details in Additional Remarks Section below)**

- a) Is replacement of existing insurance involved in this application? .....  Yes  No  
*If Yes, submit the appropriate replacement forms.*
- b) Did you give the applicant all disclosure forms required by 1891 Financial Life and/or state regulation?  
 .....  Yes  No
- c) Was this application taken in person? .....  Yes  No
- d) How long have you known the Proposed Annuitant? ..... Yrs
- e) Are you related to the Proposed Annuitant? .....  Yes  No
- f) How did Proposed Annuitant learn of 1891 Financial Life? \_\_\_\_\_

**If the proposed annuitant is age 0-16, please answer questions below:**

- a) Number of brothers \_\_\_\_\_ and sisters \_\_\_\_\_.  
 Do they all have the same amount of insurance as the proposed annuitant? .....  Yes  No  
 If amount of insurance differs, explain in Addition Remarks section below.
- b) If less than 1 year of age, what was the birth weight? \_\_\_\_\_ lb. \_\_\_\_\_ oz.
- c) Did you see the child? .....  Yes  No
- d) Amount of life insurance in force and/or requested on  
 father: \$ \_\_\_\_\_ and mother \$ \_\_\_\_\_

**To the best of my knowledge and belief:**

- 1. I asked all questions and recorded all answers as they were given to me by the Proposed Annuitant and/or applicant.
- 2. I provided the Applicant with the appropriate Buyer's Guide(s) for annuities.

**I claim full credit for this application unless a 2<sup>nd</sup> Producer is listed below.**

\_\_\_\_\_  
DATE

_____ NAME OF INSURANCE PRODUCER	_____ SIGNATURE	_____ WRITING NO.	_____ SPLIT
-------------------------------------	--------------------	----------------------	----------------

_____ NAME OF INSURANCE PRODUCER	_____ SIGNATURE	_____ WRITING NO.	_____ SPLIT %
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**ADDITIONAL REMARKS**

**ANNUITY PURCHASE PAYMENT RECEIPT**

Received from \_\_\_\_\_ the sum of \$ \_\_\_\_\_ to purchase a 1891 Financial Life annuity contract bearing the same date as this receipt.

1891 Financial Life shall be entitled to a period of 90 days from date hereof in which to act upon this application. In the event it is not approved, and a certificate issued within said period, this application shall be deemed to have been declined. The initial deposit and any additional deposits shall be refunded.

If this Application is an IRA, then the Annuitant hereby certifies that he/she has received, read and understands the IRA Disclosure Statement.

**ALL PREMIUM CHECKS MUST BE PAYABLE TO 1891 FINANCIAL LIFE  
DO NOT MAKE CHECK PAYABLE TO THE AGENT OR LEAVE THE PAYEE BLANK**

By \_\_\_\_\_  
INSURANCE PRODUCER

\_\_\_\_\_  
DATE

**NOTICE OF INFORMATION PRACTICES – This Notice Must Be Given to Proposed Annuitant**

FAIR CREDIT REPORTING ACT NOTICE

In making this application for insurance it is understood that an investigative report may be made whereby information is obtained through personal interviews with third parties, such as family members, business associates, financial sources, friends, neighbors, or others with whom you are acquainted. This inquiry includes information as to your character, general reputation, personal characteristics, and mode of living, whichever may be applicable. You have the right to make a written request within a reasonable period of time for a complete accurate disclosure of additional information concerning the nature and scope of the investigation.



## CERTIFICATE PAYMENT OPTIONS

**Certificate Number:** \_\_\_\_\_ **Insured:** \_\_\_\_\_

Payor's Full Name: \_\_\_\_\_

Address / Apt. No: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

Primary Phone No: \_\_\_\_\_ Email: \_\_\_\_\_

**Premium Amount:** \$ \_\_\_\_\_ **Payment Type:**  Electronic Funds Transfer **OR**  Debit/Credit Card

**Payment Frequency**  Monthly  Quarterly  Semi-Annual  Annual  Single Premium

Premium payments will be drafted within seven (7) days after application approval.

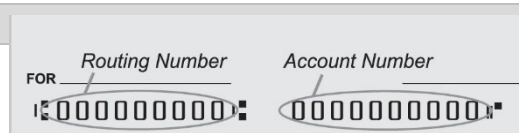
**Dates NOT available for premium payment: 29th – 30th – 31st**

*The premium will be automatically drafted each billing cycle. No notice will be sent when drafted.*

### Electronic Funds Transfer (EFT)

**Please Attach a Copy of a Voided Check to Verify Account Number Accuracy.**

Account Type:  Checking  Savings



Financial Institution \_\_\_\_\_ Bank Routing Number \_\_\_\_\_ Account Number \_\_\_\_\_

### Debit/Credit Card

Name on the Card \_\_\_\_\_ Account Number \_\_\_\_\_ Expiration Date \_\_\_\_\_ CVV/CSV \_\_\_\_\_

### Authorization

I (we) request and authorize 1891 Financial Life ("the Organization") to obtain premium payment of amounts becoming due the Organization or amounts as scheduled and requested by the policyowner/payor by initiating charges to my (our) account in the form of checks, drafts, share drafts, or electronic debit entries, credit card and I (we) request and authorize the financial institution named above to accept and honor the same and charge the same to my (our) account. This Authorization will remain in effect until I (we) notify the Organization or financial institution in writing to terminate and the Organization or the financial institution has a reasonable time to act on the termination. This Authorization will become effective only upon acceptance by the Organization of approval of this life insurance policy. The Organization address 200 N. Martingale Rd., Ste. 405, Schaumburg, IL 60173. 1891 Financial Life reserves the right to discontinue this program at any time.

### Payment Terms and Conditions

The Organization will have no liability under this application unless and until: (a) it has been received and approved by the Organization; (b) the Certificate has been issued and delivered to the Certificate Owner; (c) the first premium has been paid to and accepted by the Organization or authorization to draft first payment has been given and the financial institution has not notified the Organization that the draft will not be honored; and (d) at the time of delivery and payment, the facts concerning the insurability of the Proposed Insured are as stated in this application. The Proposed Insured, Owner, or Payor will not receive any premium notices.

ACCOUNT OWNER SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_





## INSURANCE AGENT DISCLOSURE FOR ANNUITIES

Do Not Sign Unless You Have Read and Understand the Information in this Form

Date: \_\_\_\_\_

### INSURANCE AGENT INFORMATION ("Me", "I", "My")

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Business\Agency Name: \_\_\_\_\_ Website: \_\_\_\_\_

Business Mailing Address: \_\_\_\_\_

Business Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

National Producer Number in issue state: \_\_\_\_\_

### CUSTOMER INFORMATION ("You", "Your")

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

### What Types of Products Can I Sell You?

I am licensed to sell annuities to You in accordance with state law. If I recommend that You buy an annuity, it means I believe that it effectively meets Your financial situation, insurance needs, and financial objectives. Other financial products, such as life insurance or stocks, bonds and mutual funds, also may meet Your needs.

I offer the following products:

- Fixed or Fixed Indexed Annuities
- Variable Annuities
- Life Insurance

I need a separate license to provide advice about or to sell non-insurance financial products. I have checked below any noninsurance financial products that I am licensed and authorized to provide advice about or to sell.

- Mutual Funds
- Stocks/Bonds
- Certificates of Deposits

**Whose Annuities Can I Sell to You?**

I am authorized to sell:

- Annuities from Only One (1) Insurer
- Annuities from Two or More Insurers
- Annuities from Two or More Insurers although I primarily sell annuities from:

\_\_\_\_\_

**How I’m Paid for My Work:**

It’s important for You to understand how I’m paid for my work. If You have questions about how I’m paid, please ask Me.

When you buy an annuity from 1891 Financial Life, I will or may be paid cash compensation which is called a Commission and is paid by the insurance company.

I may also receive other indirect compensation resulting from this transaction (sometimes called “non-cash” compensation), such as health or retirement benefits, office rent and support, or other incentives from the insurance company or other sources.

*If You have questions about the compensation I will be paid for this transaction, please ask me.*

**By signing below, You acknowledge that You have read and understand the information provided to You in this document.**

\_\_\_\_\_  
Customer Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Agent (Producer) Signature

\_\_\_\_\_  
Date



# financial life

200 N. Martingale Rd., Ste. 405  
Schaumburg, IL 60173  
847-342-4500  
info@1891FinancialLife.com  
www.1891FinancialLife.com

## Consumer Decision to Purchase an Annuity NOT Based on a Recommendation

**Do Not Sign Unless You Have Read and Understand the Information in this Form**

### Why are You being given this form?

You're buying a financial product – an annuity. To recommend a product that effectively meets Your needs, objectives and situation, the agent, broker, or company needs information about You, Your financial situation, insurance needs and financial objectives.

If You sign this form, it means You know that you're buying an annuity that was not recommended.

### Statement of Purchaser:

I understand that I am buying an annuity, but the agent, broker or company did not recommend that I buy it. If I buy it without a recommendation, I understand I may lose protections under the Insurance Code of issue state:

\_\_\_\_\_.

Customer Signature: \_\_\_\_\_

Date: \_\_\_\_\_



## CONSUMER REFUSAL TO PROVIDE INFORMATION

**Do Not Sign Unless You Have Read and Understand the Information in this Form**

### Why are You being given this form?

You're buying a financial product – an annuity. To recommend a product that effectively meets Your needs, objectives and situation, the agent, broker, or company needs information about You, Your financial situation, insurance needs and financial objectives.

If You sign this form, it means You have not given the agent, broker, or company some or all the information needed to decide if the annuity effectively meets Your needs, objectives, and situation.

You may lose protections under the Insurance Code of issue state: \_\_\_\_\_ if You sign this form or provide inaccurate information.

Statement of Purchaser:

- I REFUSE to provide this information at this time.
- I have chosen to provide LIMITED information at this time.

Customer Signature: \_\_\_\_\_

Date: \_\_\_\_\_





## ANNUITY SUITABILITY QUESTIONNAIRE

Thank you for your interest in 1891 Financial Life Annuity products. We are required by various states to ask for information that will help determine whether an annuity contract is suitable for your financial goals and situation. This information will not be used for any other purpose and will remain confidential.

Using the information provided, 1891 Financial Life may elect not to issue an annuity contract based on a reasonable determination that the product may not be suitable for you.

You have the legal right to not complete this questionnaire. Should you choose not to answer the questions, 1891 Financial Life will not be in a position to review the suitability of the transaction.

### Questionnaire:

TO **WAIVE** QUESTIONNAIRE, COMPLETE SECTION 1, THEN GO TO SECTION 5 – OTHERWISE PLEASE CONTINUE

#### 1) Proposed Annuitant Information

\_\_\_\_\_

FULL LEGAL NAME OF INDIVIDUAL

\_\_\_\_\_

ADDRESS / APT. NO.

\_\_\_\_\_

CITY

\_\_\_\_\_

STATE ZIP

\_\_\_\_\_

PRIMARY PHONE NO.

\_\_\_\_\_

ALTERNATE PHONE NO.

\_\_\_\_\_

EMAIL ADDRESS

\_\_\_\_\_

SSN / TIN

\_\_\_\_\_

DOB MM/DD/YYYY

\_\_\_\_\_

AGE

Sex:  M  F

\_\_\_\_\_

OCCUPATION

Marital Status:  Married  Widowed  Divorced  Single

#### 2) Existing Accounts

What is the source for this annuity's premium?

Annuity  Life Insurance  CDs  Savings  Other: \_\_\_\_\_

Are there surrender charges associated with the above-mentioned existing policy(ies), contract(s) or CDs?

Yes  No  Not Applicable

If yes, what is/are the current surrender charge(s)? \_\_\_\_\_

How long have the policy(ies), contract(s) or CDs been in force? \_\_\_\_\_ # of years

What other financial products do you currently own?

Stocks  Bonds  Mutual Funds  Treasury Bills  Annuity  CDs  
 Real Estate  Options  Derivatives  Foreign Currency  Precious Metals

How would you rate your Investment Experience?

None  Little Experience  Moderate  Significant  Expert

How would you describe your risk tolerance?

Low  Conservative  Average  High  Very Aggressive

### 3) Financial Objectives

Which of the following best describes your long-term objective(s) for this annuity?

- Tax Deferral       Future Income       Inheritance       Immediate Income  
 Other: \_\_\_\_\_

How do you anticipate withdrawing your money from this product?

- Annuitize in the future       Lump Sum       Free/Systematic Withdrawals       RMD  
 Other: \_\_\_\_\_       I don't anticipate taking any distributions

How long do you plan to keep this annuity?

- Less than 1 year       1-3 years       4-7 years       8-10 years       More than 10 years

### 4) Financial Information

Annual Household Income \$ \_\_\_\_\_ Annual Household Living Expenses \$ \_\_\_\_\_

Net Worth (excluding home and automobile) \$ \_\_\_\_\_ My tax bracket is \_\_\_\_\_%

Source of Income:  Employment       Investments       Social Security       Retirement Plans  
 Other: \_\_\_\_\_

Do you have sufficient liquid assets available to you (not including this annuity), in case of an emergency?

- Yes       No

### 5) Annuity Suitability Questionnaire: Confirm or Waive

**CONFIRM.** I confirm the information given in the questionnaire above is accurate and I believe a 1891 Financial Life annuity certificate is suitable for my financial situation.

**WAIVE.** I will *not* answer the questions above; I believe a 1891 Financial Life annuity certificate is suitable for my financial situation.

I understand that the annuity certificate being applied for has surrender charges for early termination.

By signing below, I confirm that I understand that if I take money out of this annuity in excess of the penalty-free withdrawal amount, I will incur a surrender charge.

I acknowledge that I reviewed the plan with my insurance producer and that I understand the costs and features of the annuity I am purchasing. I have adequate income or available liquid assets to meet my financial obligations and emergency expenses without using the money I am investing in this annuity.

I also understand that 1891 Financial Life encourages me to discuss this proposed purchase with my personal financial advisors.

\_\_\_\_\_  
PROPOSED ANNUITANT'S PRINTED NAME

\_\_\_\_\_  
PROPOSED ANNUITANT'S SIGNATURE

\_\_\_\_\_  
DATE

### Insurance Producer:

By signing below, I acknowledge that based on the information the Annuitant provided and based on all circumstances known to me at the time the recommendation was made, the annuity being applied for is suitable for the financial needs/objectives of the Annuitant. In addition, I have verified the identity of the Annuitant and believe the information the Annuitant provided to me regarding his or her identity is true and accurate.

\_\_\_\_\_  
INSURANCE PRODUCER'S PRINTED NAME

\_\_\_\_\_  
INSURANCE PRODUCER'S SIGNATURE

\_\_\_\_\_  
DATE



## ANTI-MONEY LAUNDERING (AML) PROGRAM USA PATRIOT Act- Section 326 CUSTOMER IDENTIFICATION PROCEDURES

Insured/Annuitant's Name – *please print*

First Name: \_\_\_\_\_ Middle Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

*The following is to be read by the Insured/Annuitant, or read to the Insured/Annuitant by the Insurance Producer, at time of application:*

**Important Information about Purchases of Covered Products:** To help the government fight the funding of terrorism and money laundering activities, Federal law requires all fraternal benefit societies to obtain, verify and record information that identifies each person who purchases a covered product.

**What this means to you:** When you apply for any form of life insurance, a fixed deferred or immediate annuity, or any other form of insurance that has cash value, we will ask for your name, address, date of birth and other information that will allow us to identify you. You will be required to show a driver's license or other requested form(s) of identification.

*To be completed by the Insurance Producer at time of application:*

**1) Did you personally verify the identity of the Insured/Annuitant?**  Yes  No

Insurance Producer's Signature: \_\_\_\_\_

**2) Please check below all forms of verification documentation(s) viewed.**

Acceptable forms of identification to be verified by 1891 Financial Life Insurance Producer.

a) The following must have a photo on the identification card:

- Valid Driver's License
- Valid U.S. Passport
- Valid "Green Card"
- Government Employer Identification Card
- State Issued Identification Card
- Armed Forces Identification Card

b) If no photo identification is available, three (3) different forms from the following secondary documentation list must be verified. Two (2) of the three (3) must include an address:

- Birth Certificate
- Original Social Security Card issued by the Social Security Administration
- TVDL Card
- Voter's Registration Card
- Utility or Telephone Bill (must be in the applicant's name)
- Checking or Savings Account Statement
- State Issued Vehicle Registration Card or Title
- County Property Tax Bill or Receipt (not more than 12 months old)
- Check with Imprinted Name and Address
- First Class Mail form any U.S. Government Agency
- Paycheck/Stub with Imprinted Name and Address
- IRS W-2 Form (not more than 12 months old)
- Signed Federal/State Income Tax Return (not more than 12 months old)
- \*Verification by field representative of an immediate family member who identifies applicant

\* NOTE: For verification purposes, immediate family member is defined as a spouse, child, parent, sister, brother, grandparent or grandchild related to the applicant. Any other family member is considered a non-immediate family member.



## ANTI-MONEY LAUNDERING (AML) PROGRAM USA PATRIOT Act- Section 326 CUSTOMER IDENTIFICATION PROCEDURES

Owner's Name – *please print*

First Name: \_\_\_\_\_ Middle Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

**Complete only if Owner and Insured/Applicant are not the same person.**

*The following is to be read by the Owner, or read to the Owner by the Insurance Producer, at time of application:*

**Important Information about Purchases of Covered Products:** To help the government fight the funding of terrorism and money laundering activities, Federal law requires all fraternal benefit societies to obtain, verify and record information that identifies each person who purchases a covered product.

**What this means to you:** When you apply for any form of life insurance, a fixed deferred or immediate annuity, or any other form of insurance that has cash value, we will ask for your name, address, date of birth and other information that will allow us to identify you. You will be required to show a driver's license or other requested form(s) of identification.

*To be completed by the Insurance Producer at time of application:*

1) **Did you personally verify the identity of the Owner?**  Yes  No

Insurance Producer's Signature: \_\_\_\_\_

2) **Please check below all forms of verification documentation(s) viewed.**

Acceptable forms of identification to be verified by 1891 Financial Life Insurance Producer.

a) The following must have a photo on the identification card:

- Valid Driver's License
- Valid U.S. Passport
- Valid "Green Card"
- Government Employer Identification Card
- State Issued Identification Card
- Armed Forces Identification Card

b) If no photo identification is available, three (3) different forms from the following secondary documentation list must be verified. Two (2) of the three (3) must include an address:

- Birth Certificate
- Original Social Security Card issued by the Social Security Administration
- TVDL Card
- Voter's Registration Card
- Utility or Telephone Bill (must be in the applicant's name)
- Checking or Savings Account Statement
- State Issued Vehicle Registration Card or Title
- County Property Tax Bill or Receipt (not more than 12 months old)
- Check with Imprinted Name and Address
- First Class Mail form any U.S. Government Agency
- Paycheck/Stub with Imprinted Name and Address
- IRS W-2 Form (not more than 12 months old)
- Signed Federal/State Income Tax Return (not more than 12 months old)
- \*Verification by field representative of an immediate family member who identifies applicant

\* NOTE: For verification purposes, immediate family member is defined as a spouse, child, parent, sister, brother, grandparent or grandchild related to the applicant. Any other family member is considered a non-immediate family member.



## IMPORTANT NOTICE REQUIRED BY LAW REPLACEMENT OF LIFE INSURANCE OR ANNUITIES

*This document must be signed by the applicant and the insurance producer, if there is one, and a copy left with the applicant.*

You are contemplating the purchase of a life insurance policy or annuity contract. In some cases this purchase may involve discontinuing or changing an existing policy or contract. If so, a replacement is occurring. Financed purchases are also considered replacements.

A replacement occurs when a new policy or contract is purchased and, in connection with the sale, you discontinue making premium payments on the existing policy or contract, or an existing policy or contract is surrendered, forfeited, assigned to the replacing insurer, or otherwise terminated or used in a financed purchase.

A financed purchase occurs when the purchase of a new life insurance policy involves the use of funds obtained by the withdrawal or surrender of or by borrowing some or all of the policy values, including accumulated dividends, of an existing policy to pay all or part of any premium or payment due on the new policy. A financed purchase is a replacement.

You should carefully consider whether a replacement is in your best interests. You will pay acquisition costs and there may be surrender costs deducted from your policy or contract. You may be able to make changes to your existing policy or contract to meet your insurance needs at less cost. A financed purchase will reduce the value of your existing policy and may reduce the amount paid upon the death of the insured.

**We want you to understand the effects of replacements before you make your purchase decision and ask that you answer the following questions and consider the questions on the back of this form.**

- 1) Are you considering discontinuing making premium payments, surrendering, forfeiting, assigning to the insurer, or otherwise terminating your existing policy or contract? .....  Yes  No
- 2) Are you considering using funds from your existing certificate or contracts to pay premiums due on the new policy or contract? .....  Yes  No

If you answered "yes" to either of the above questions, list each existing certificate or contract you are contemplating replacing (include the name of the insurer, the insured or annuitant, and the policy or contract number if available) and whether each policy or contract will be replaced or used as a source of financing:

	Insurer Name	Contract or Policy #	Insured or Annuitant	Replaced (R) or Financing (F)
1)	_____	_____	_____	_____
2)	_____	_____	_____	_____
3)	_____	_____	_____	_____

Make sure you know the facts. Contact your existing insurer or its agent for information about the existing policy or contract. If you request one, an in force illustration, policy summary or available disclosure documents must be sent to you by the existing insurer. Ask for and retain all sales material used by the agent in the sales presentation. Be sure that you are making an informed decision.

**\* Note important statement on page 3.**

The existing policy or contract is being replaced because: \_\_\_\_\_

***I do not wish this notice to be read aloud to me:*** \_\_\_\_\_  
(Applicants must initial only if they do not want the notice read aloud)

A replacement may not be in your best interest, or your decision could be a good one.

You should make a careful comparison of the costs and benefits of your existing policy or contract and the proposed policy or contract. One way to do this is to ask the insurer or agent that sold you your existing policy or contract to provide you with information concerning your existing policy or contract.

This may include an illustration of how your existing policy or contract is working now and how it would perform in the future based on certain assumptions. Illustrations should not, however, be used as a sole basis to compare policies or contracts. You should discuss the following with your agent to determine whether replacement or financing your purchase makes sense:

### **PREMIUMS**

- 1) Are they affordable?
- 2) Could they change?
- 3) You're older, are premiums higher for the proposed new policy?
- 4) How long will you have to pay premiums on the new policy? ... on the existing policy?

### **POLICY VALUES**

- 1) New policies usually take longer to build cash values and to pay dividends.
- 2) Acquisition costs for the existing policy may have been paid, you will incur costs for the new one.
- 3) What surrender charges do the policies have?
- 4) What expense and sales charges will you pay on the new policy?
- 5) Does the new policy provide more insurance coverage?

### **INSURABILITY**

- 1) If your health has changed since you bought your existing policy, the new one could cost you more, or you could be turned down.
- 2) You may need a medical exam for a new policy.
- 3) Claims on most new policies for up to the first two years can be denied based on inaccurate statements.
- 4) Suicide limitations may begin anew on the new coverage.

### **IF YOU ARE KEEPING THE EXISTING POLICY AS WELL AS THE NEW POLICY**

- 1) How are premiums for both policies being paid?
- 2) How will the premiums on your existing policy be affected?
- 3) Will a loan be deducted from death benefits?
- 4) What values from the existing policy are being used to pay premiums?

### **IF YOU ARE SURRENDERING AN ANNUITY OR INTEREST SENSITIVE LIFE PRODUCT**

- 1) Will you pay surrender charges on your existing contract?
- 2) What are the interest rate guarantees for the new contract?
- 3) Have you compared the contract charges or other policy expenses?

### **OTHER ISSUES TO CONSIDER FOR ALL TRANSACTIONS**

- 1) What are the tax consequences of buying the new policy? Is this a tax-free exchange? (See your tax advisor)
- 2) Is there a benefit from favorable "grandfathered" treatment of the existing policy under the federal tax code?
- 3) Will the existing insurer be willing to modify the existing policy?
- 4) How does the quality and financial stability of the new insurer compare with your existing insurer?

In connection with a replacement transaction the producer shall leave with the applicant at the time an application for a new policy or contract is completed the original or a copy of all sales material. With respect to electronically presented sales material, it shall be provided to the policy or contract owner in printed form no later than at the time of policy or contract delivery.

I certify that the responses herein are, to the best of my knowledge, accurate:

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Insurance Producer's Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

I certify that this form was given to and completed by \_\_\_\_\_ Applicant prior to taking an application and that I am leaving a signed copy for the applicant.

\_\_\_\_\_  
Insurance Producer's Signature

\_\_\_\_\_  
Date

Did you use only company approved sales material?  Yes  No

\_\_\_\_\_  
Insurance Producer's Signature

\_\_\_\_\_  
Date

**\* CAUTION:** If after studying the information made available to you, you decided to replace your existing life insurance or annuity with our policy or annuity contract, you are urged not to take action to terminate or alter your existing coverage or annuity (ies) until after you have been issued the new policy or annuity contract, examined it and found it to be acceptable to you. If you should terminate or otherwise materially alter your existing coverage or annuity (ies) and fail to qualify for the life insurance for which you have applied, you may find yourself unable to purchase other life insurance or be able to purchase it only at substantially higher rates.

#### DEFINITIONS

**PREMIUMS.** Premiums are the payments you make in exchange for an insurance policy or annuity contract. They are unlike deposits in a savings or investment program, because if you drop the policy or contract, you might get back less than you paid in.

**CASH SURRENDER VALUE.** This is the amount of money you can get in cash if you surrender your life insurance policy or annuity. If there is a policy loan, the cash surrender value is the difference between the cash value printed in the policy and the loan value. Not all policies have cash surrender values.

**LAPSE.** A life insurance policy may lapse when you do not pay the premiums within the grace period. If you had a cash surrender value, the insurer might change your policy to as much extended term insurance or paid-up insurance as the cash surrender value will buy. Sometimes the policy lets the insurer borrow from the cash surrender value to pay the premiums.

**SURRENDER.** You surrender a life insurance policy when you either let it lapse or tell the company you want to drop it. Whenever a policy has a cash surrender value, you can get it in cash if you return the policy to the company with a written request. Most insurers will also let you exchange the cash value of the policy for paid-up or extended term insurance.

**CONVERT TO PAID-UP INSURANCE.** This means you use your cash surrender value to change your insurance to a paid-up policy with the same insurer. The death benefit generally will be lower than under the old policy, but you will not have to pay any more premiums.

**PLACE ON EXTENDED TERM.** This means you use your cash surrender value to change your insurance to term insurance with the same insurer. In this case, the net death benefit will be the same as before. However, you will only be covered for a specified period of time stated in the policy.

**BORROW POLICY LOAN VALUES.** If your life insurance policy has a cash surrender value, you can almost always borrow all or part of it from the insurer. Interest will be charged according to the terms of the policy, and if the loan with unpaid interest ever exceeds the cash surrender value, your policy will be surrendered. If you die, the amount of the loan and any unpaid interest due will be subtracted from the death benefits.

**EVIDENCE OF INSURABILITY.** This means proof that you are an acceptable risk. You have to meet the insurer's standards regarding age, health, occupation, etc., to be eligible for coverage.

**INCONTESTABLE CLAUSE.** This says that after two years, depending on the policy or insurer, the life insurer will not resist a claim because you made a false or incomplete statement when you applied for the policy. For the early years, though, if there are wrong answers on the application and the insurer finds out about them, the insurer can deny a claim as if the policy had never existed.

**SUICIDE CLAUSE.** This says that if you commit suicide after being insured for less than two years, depending on the policy and insurer, your beneficiaries will receive only a refund of the premiums that were paid.



## ANNUITY REPLACEMENT POLICY COMPARISON

	EXISTING POLICY A	EXISTING POLICY B	PROPOSED CERTIFICATE
Company Name			1891 Financial Life
Product Name			
Type of Product			
Policy Number			n/a
Issue Date			n/a
Account Value (AV)			
Cash Surrender Value (CSV)			n/a
Surrender Charge (=AV – CSV)			n/a
Remaining Surrender Charge Period (in years)			
Percent of Surrender Charge for remaining years			
Will Replacement result in a Loan against existing policy?			n/a
Will Replacement result in a Partial Surrender?			n/a
Will Replacement result in a Full Surrender?			n/a
Gain, if any			
Is this Replacement taxable to the Owner?			n/a

**Insurance Producer’s Certification.** I certify that I have reviewed the advantages and disadvantages of the replacement(s) with the owner, and that I have determined the replacement is appropriate for the owner.

\_\_\_\_\_  
Insurance Producer’s Signature

\_\_\_\_\_  
Insurance Producer’s Printed Name

\_\_\_\_\_  
Date

**Owner’s Acknowledgement.** I have reviewed and understand the potential advantages and disadvantages of replacing my existing policy(ies) with the Insurance Producer and wish to proceed with the replacement.

I understand the following:

- 1) A loan or partial surrender will result in a reduction of value in my existing policy.
- 2) For a Life Insurance policy, a loan or partial surrender will reduce the available death benefit, may result in additional premium payments being required to keep my existing policy in force, and may incur interest charges.

\_\_\_\_\_  
Owner’s Signature

\_\_\_\_\_  
Owner’s Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date of Birth





## AUTHORIZATION TO TRANSFER FUNDS

Original paperwork will need to be mailed to 1891 Financial Life as many financial institutions will require originals.

### 1) Financial Institution Holding Assets

Company Name: \_\_\_\_\_  
Contract/Policy/Account Number – *One Per Transfer Form*: \_\_\_\_\_  
Company Address – *No PO Box*: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_ Phone No.: \_\_\_\_\_

### 2) Existing Owner Information at Financial Institution - shown in section 1

**OWNER**  
First Name: \_\_\_\_\_ Middle Name: \_\_\_\_\_ Last Name: \_\_\_\_\_  
Address / Apt. No: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_  
Email: \_\_\_\_\_ SSN / TIN: \_\_\_\_\_

**JOINT OWNER – if applicable**  
First Name: \_\_\_\_\_ Middle Name: \_\_\_\_\_ Last Name: \_\_\_\_\_  
Email: \_\_\_\_\_ SSN / TIN: \_\_\_\_\_

**INSURED/ANNUITANT(S) – if other than owner**  
Name(s): \_\_\_\_\_  
Email(s): \_\_\_\_\_  
SSN / TIN No(s): \_\_\_\_\_

**SPOUSE – Only in CA, WA, WI** (If you reside in one of the listed community property states.)  
First Name: \_\_\_\_\_ Middle Name: \_\_\_\_\_ Last Name: \_\_\_\_\_  
Email: \_\_\_\_\_

The undersigned requests and directs the following action be taken to transfer the contract, policy, or account funds identified below.

### 3) Type Of Investment Held At Financial Institution - described in section 1 and 2

**THIS SECTION MUST BE FULLY COMPLETED**  
If the assets being transferred are currently or were held in an annuity contract or life insurance policy within the last 12 months, state replacement forms may be required in order to be compliant with your state's replacement regulations.

- Variable Annuity
- Fixed Annuity/Fixed Indexed Annuity
- Life Policy
- Brokerage Account<sup>1</sup>
- Mutual Fund(s)<sup>1</sup>
- Money Market(s)
- Certificate of Deposit - see section 6 for maturity date instructions

1 - Contact financial institution to liquidate the account prior to submitting transfer paperwork for securities.

**4) Existing Plan Tax Qualification - described in section 1 and 2**

- Qualified \_\_\_\_\_ retirement plan - specify type: 401, Pension, PSP, 403(b)<sup>1,2</sup>
- Beneficial \_\_\_\_\_ IRA - specify type: Traditional, Roth, SIMPLE<sup>1</sup>
- Non-Qualified or After Tax       Traditional IRA       Roth IRA
- SEP IRA       SIMPLE IRA<sup>1</sup>       Governmental 457(b)
- Qualified Plan Beneficiary       Life       Other \_\_\_\_\_

1 - SIMPLE IRAs are not available for variable annuities at 1891 Financial Life. 403(b) contracts are not available at 1891 Financial Life for fixed or variable business. However, 403(b) assets can be rolled over to an IRA at 1891 Financial Life if the assets are eligible for rollover.  
 2 - Qualified plans (401(k)/pension plans) generally require their own withdrawal paperwork. Clients should contact their former employer to initiate the transfer. If a tax plan is not specified above, and an IRA is being established at 1891 Financial Life, the transaction will be reported in the Rollover contributions box of IRS Form 5498.

**5) Transaction Type - see page 3 for disclosures on the transaction being requested**

**Non-Qualified Exchange – as indicated in section 4**

- 1035 Exchange (registration of owner must be “like to like” with the same ownership)  
 COST BASIS REQUESTED: In accordance with the Tax Equity and Fiscal Responsibility Act of 1982, furnish a statement to the Assignee and to the former contract, policy or account holder of the cost basis in the contract, policy or account if available.
- Non-1035 Exchange/ other non-qualified assets

**Qualified Exchange – as indicated in section 4**

- Direct Rollover (e.g., 401 (k) to IRA)       Direct Transfer (e.g., IRA to IRA)
- Roth IRA Conversion (IRA to Roth IRA) - see disclosure on acceptance letter provided by 1891 Financial Life

**6) Transfer Instructions for Assets - described in section 1 and 2**

**THIS SECTION MUST BE FULLY COMPLETED**

**This is to request liquidation and/or transfer from the contract/policy/account listed in section 1:**

- Full Liquidation – (estimated \$ amount) \$ \_\_\_\_\_
- Partial Liquidation<sup>2</sup> – (\$ amount) \$ \_\_\_\_\_

2 - Partial 1035 exchange(s) is (are) not permitted on life policies. In order to be considered a 1035 exchange by the IRS, the amount being requested must be transferred and retained in the receiving contract/policy/account.

**Transfer and/or liquidation effective:**

- Immediately – I am aware of penalties that may occur from an early withdrawal
- On maturity/liquidation date<sup>3</sup> \_\_\_\_ / \_\_\_\_ / \_\_\_\_

3 - Submit all transfer paperwork at least 10 business days prior to maturity date. Do not submit transfer paperwork requesting to hold for a maturity date any later than 15 business days. If outside of the time frame, requested processing cannot be guaranteed. (Does not apply for life policies being established at 1891 Financial Life)

**If neither box is checked, transfer/liquidation will occur immediately.**

- Please waive any conservation period that may apply and process transfer request.

**Optional at the request of writing producer/registered representative:**

Overnight funds to 1891 Financial Life – address on acceptance letter provided by 1891 Financial Life

Overnight Carrier (e.g., UPS, FedEx): \_\_\_\_\_ Overnight Account Number: \_\_\_\_\_

**7) Funds To Be Applied To 1891 Financial Life**

- Annuity**       New 1891 Financial Life contract/policy number: \_\_\_\_\_
- Existing 1891 Financial Life contract/policy number: \_\_\_\_\_

- Life Policy**     New 1891 Financial Life contract/policy number: \_\_\_\_\_

**8) Lost Contract Statement**

- Contract is attached**
- Certificate of lost contract** – I/We certify that the above referenced contract has been lost or destroyed; and to the best of my/our knowledge and belief is not in anyone’s possession.

**9) Disclosures**

I am aware of any surrender/withdrawal penalties which may apply, and I authorize the transaction described above. This transfer request also authorizes 1891 Financial Life to receive information on the status of this transfer or exchange by phone or in writing.

The undersigned represents and agrees that 1891 Financial Life is participating in this transfer at the undersigned's specific request. It is further agreed that 1891 Financial Life has made no representations and that it has neither responsibility nor liability concerning the tax treatment of this transaction under the Internal Revenue Code.

**Transaction Disclosure Information**

**Tax Qualified Transactions:**

*Transfers:* This Certificate of Deposit, brokerage account, mutual fund, money market, and/or annuity contract is held in the IRA type marked above and is to be transferred to the same type of IRA.

*Direct Rollover:* This amount represents all or part of my eligible rollover distribution. I understand there will be no mandatory 20% withholding from this distribution because it is a direct rollover to an eligible retirement plan as defined under applicable tax law.

**Required Minimum Distributions:**

*Important note to existing financial institution:* If I must receive a required minimum distribution (RMD) for any reason (I am age 70-1/2 or older, this is a beneficial IRA, etc.), do not transfer or roll over my current year's RMD calculated for this account.

*Important note to owner:* The existing financial institution has the most accurate information to ensure that you receive the correct RMD from this account. If you do not receive the full amount of your RMD, you may be subject to an IRS penalty of up to 50% of the underpayment. If necessary, instruct your existing financial institution before affecting this transfer to either: (1) pay your RMD to you now, or (2) retain that amount for distribution to you later.

**Non-Qualified Transactions**

*Annuity/Life 1035:* Surrender a non-qualified annuity contract(s) or life insurance policy for the purchase of another non-qualified annuity contract under Sec 1035 of the Internal Revenue Code. Annuities only: For partial 1035 exchanges, any surrender or withdrawal from the existing or new annuity contract within 180 days of the exchange may subject you to adverse tax consequences unless you receive amounts as an annuity for the period of 10 or more years (or+ over your life expectancy). Please see your tax professional for further details.

*Surrender (Annuity/Life):* The undersigned, as owner of this contract or policy specified in this transaction, elects to surrender the assets for its net cash value and directs the transferring company to make payment(s) to the name Assignee. This does not qualify as a 1035 exchange.

**Absolute Assignment for 1035 Exchanges of Life or Annuity Contracts**

The owner of the above contract(s) hereby assigns ownership and beneficial rights under the contract(s) to the following assignee, 1891 Financial Life, Assignee ID Number: #36-1981330.

All previous designations of beneficiary and payee, and all previous elections of payment options under the contract(s) as to the partial or total amounts shown above, are revoked. The sole beneficiary and payee of the partial or total amounts shown above, shall be the named assignee.

**IRA Rollover**

Please note that, effective January 1, 2015, if you make a tax-free IRA to IRA rollover, you cannot, within a one-year period, make another tax-free rollover of a distribution from any of your IRAs to another IRA. Please consult your tax advisor with any questions.

**10) Transaction Authorization**

**SIGN AND DATE HERE**

\_\_\_\_\_  
Owner/Plan Administrator Date

\_\_\_\_\_  
Joint Owner – *If Applicable* Date

\_\_\_\_\_  
Insured/Annuitant – *Life Policy Different Than Owner* Date

\_\_\_\_\_  
Spouse<sup>1</sup> – *Only In CA, WA, WI* Date

**Medallion Stamp Guarantee**  
For requesting securities at the transferring company, if required.

Trust: \_\_\_\_\_ as Trustee of the: \_\_\_\_\_  
TRUSTEE'S SIGNATURE TRUSTEE NAME – *printed* DATE

Trust Email: \_\_\_\_\_

1- If you reside in one of the above listed community property states, the spouse must also sign.

**If you have additional questions, please call 1891 Financial Life at 800-344-6273.**



Prepared by the

**NAIC**

**National Association of Insurance Commissioners**

The National Association of Insurance Commissioners is an association of state insurance regulatory officials. This association helps the various insurance departments to coordinate insurance laws for the benefit of all consumers.

This guide does not endorse any company or policy.

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# NAIC Buyer's Guide for Fixed Deferred Annuities

It's important that you understand how annuities can be different from each other so you can choose the type of annuity that's best for you. The purpose of this Buyer's Guide is to help you do that. This Buyer's Guide isn't meant to offer legal, financial, or tax advice. You may want to consult independent advisors that specialize in these areas.

**This Buyer's Guide is about fixed deferred annuities in general and some of their most common features. It's not about any particular annuity product.** The annuity you select may have unique features this Guide doesn't describe. It's important for you to carefully read the material you're given or ask your annuity salesperson, especially if you're interested in a particular annuity or specific annuity features.

This Buyer's Guide includes questions you should ask the insurance company or the annuity salesperson (the agent, producer, broker, or advisor). Be sure you're satisfied with the answers before you buy an annuity.

**Revised 2013**

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## What Is an Annuity?

An annuity is a contract with an insurance company. All annuities have one feature in common, and it makes annuities different from other financial products. *With an annuity, the insurance company promises to pay you income on a regular basis for a period of time you choose*—including the rest of your life.

### When Annuities Start to Make Income Payments

Some annuities begin paying income to you soon after you buy it (an **immediate** annuity). Others begin at some later date you choose (a **deferred** annuity).

### How Deferred Annuities Are Alike

There are ways that *most* deferred annuities are alike.

- They have an **accumulation** period and a **payout** period. During the accumulation period, the value of your annuity changes based on the type of annuity. During the payout period, the annuity makes income payments to you.
- They offer a basic death benefit. If you die during the accumulation period, a deferred annuity with a basic death benefit pays some or all of the annuity's value to your survivors (called beneficiaries) either in one payment or multiple payments over time. The amount is usually the greater of the annuity account value or the minimum guaranteed surrender value. If you die after you begin to receive income payments (**annuitize**), your chosen survivors may not receive anything *unless*: 1) your annuity guarantees to pay out at least as much as you paid into the annuity, or 2) you chose a payout option that continues to make payments after your death. For an extra cost, you may be able to choose enhanced death benefits that increase the value of the basic death benefit.

#### Sources of Information

**Contract:** The legal document between you and the insurance company that binds both of you to the terms of the agreement.

**Disclosure:** A document that describes the key features of your annuity, including what is guaranteed and what isn't, and your annuity's fees and charges. If you buy a variable annuity, you'll receive a prospectus that includes detailed information about investment objectives, risks, charges, and expenses.

**Illustration:** A personalized document that shows how your annuity features might work. Ask what is guaranteed and what isn't and what assumptions were made to create the illustration.

- You usually have to pay a charge (called a **surrender** or **withdrawal charge**) if you take some or all of your money out too early (usually before a set time period ends). Some annuities may not charge if you withdraw small amounts (for example, 10% or less of the account value) each year.
- Any money your annuity earns is **tax deferred**. That means you won't pay income tax on earnings until you take them out of the annuity.
- You can add features (called **riders**) to many annuities, usually at an extra cost.
- An annuity salesperson must be licensed by your state insurance department. A person selling a variable annuity also must be registered with FINRA<sup>1</sup> as a representative of a broker/dealer that's a FINRA member. In some states, the state securities department also must license a person selling a variable annuity.

1. FINRA (Financial Industry Regulatory Authority) regulates the companies and salespeople who sell variable annuities.

- Insurance companies sell annuities. You want to buy from an insurance company that's financially sound. There are various ways you can research an insurance company's financial strength. You can visit the insurance company's website or ask your annuity salesperson for more information. You also can review an insurance company's rating from an independent rating agency. Four main firms currently rate insurance companies. They are A.M. Best Company, Standard and Poor's Corporation, Moody's Investors Service, and Fitch Ratings. Your insurance department may have more information about insurance companies. An easy way to find contact information for your insurance department is to visit *www.naic.org* and click on "**States and Jurisdictions Map.**"
- Insurance companies usually pay the annuity salesperson after the sale, but the payment doesn't reduce the amount you pay into the annuity. You can ask your salesperson how they earn money from the sale.

## How Deferred Annuities Are Different

There are differences among deferred annuities. Some of the differences are:

- Whether you pay for the annuity with one or more than one payment (called a **premium**).
- The types and amounts of the **fees, charges, and adjustments**. While almost all annuities have *some* fees and charges that could reduce your account value, the types and amounts can be different among annuities. *Read the Fees, Charges, and Adjustments section in this Buyer's Guide for more information.*
- Whether the annuity is a **fixed** annuity or a **variable** annuity. How the value of an annuity changes is different depending on whether the annuity is fixed or variable.

*Fixed annuities* guarantee your money will earn at least a minimum interest rate. Fixed annuities may earn interest at a rate higher than the minimum but only the minimum rate is guaranteed. The insurance company sets the rates.

*Fixed indexed annuities* are a type of fixed annuity that earns interest based on changes in a market index, which measures how the market or part of the market performs. The interest rate is guaranteed to never be less than zero, even if the market goes down.

*Variable annuities* earn investment returns based on the performance of the investment portfolios, known as "subaccounts," where you choose to put your money. The return earned in a variable annuity isn't guaranteed. The value of the subaccounts you choose could go up or down. If they go up, you could make money. But, if the value of these subaccounts goes down, you could lose money. Also, income payments to you could be less than you expected.

- Some annuities offer a **premium bonus**, which usually is a lump sum amount the insurance company adds to your annuity when you buy it or when you add money. It's usually a set percentage of the amount you put into the annuity. Other annuities offer an **interest bonus**, which is an amount the insurance company adds to your annuity when you earn interest. It's usually a set percentage of the interest earned. You may not be able to withdraw some or all of your premium bonus for a set period of time. *Also, you could lose the bonus if you take some or all of the money out of your annuity within a set period of time.*

## How Does the Value of a Deferred Annuity Change?

### Fixed Annuities

Money in a fixed deferred annuity earns interest at a rate the insurer sets. The rate is **fixed** (won't change) for some period, usually a year. After that rate period ends, the insurance company will set another fixed interest rate for the next rate period. *That rate could be higher or lower than the earlier rate.*

Fixed deferred annuities *do* have a guaranteed minimum interest rate—the lowest rate the annuity can earn. It's stated in your contract and disclosure and can't change as long as you own the annuity. Ask about:

- The *initial interest* rate – What is the rate? How long until it will change?
- The *renewal interest* rate – When will it be announced? How will the insurance company tell you what the new rate will be?

### Fixed Indexed Annuities

Money in a fixed indexed annuity earns interest based on changes in an index. Some indexes are measures of how the overall financial markets perform (such as the S&P 500 Index or Dow Jones Industrial Average) during a set period of time (called the **index term**). Others measure how a specific financial market performs (such as the Nasdaq) during the term. The insurance company uses a formula to determine how a change in the index affects the amount of interest to add to your annuity at the *end of each index term*. Once interest is added to your annuity for an index term, those earnings usually are locked in and changes in the index in the next index term don't affect them. If you take money from an indexed annuity before an index term ends, *the annuity may not add all of the index-linked interest for that term to your account.*

Insurance companies use different formulas to calculate the interest to add to your annuity. They look at changes in the index over a period of time. See the box "*Fixed Deferred Indexed Formulas*" that describes how changes in an index are used to calculate interest.

The formulas insurance companies use often mean that interest added to your annuity is based on only *part* of a change in an index over a set period of time. **Participation rates, cap rates, and spread rates** (sometimes called margin or asset fees) all are terms that describe ways the amount of interest added to your annuity may not reflect the full change in the index. But *if the index goes down over that period, zero interest is added to your annuity.* Then your annuity value won't go down as long as you don't withdraw the money.

When you buy an indexed annuity, you aren't investing directly in the market or the index. Some indexed annuities offer you more than one index choice. Many indexed annuities also offer the choice to put part of your money in a fixed interest rate account, with a rate that won't change for a set period.

#### Fixed Deferred Indexed Formulas

**Annual Point-to-Point** – Change in index calculated using two dates one year apart.

**Multi-Year Point-to-Point** – Change in index calculated using two dates more than one year apart.

**Monthly or Daily Averaging** – Change in index calculated using multiple dates (one day of every month for monthly averaging, every day the market is open for daily averaging). The average of these values is compared with the index value at the start of the index term.

**Monthly Point-to-Point** – Change in index calculated for each month during the index term. Each monthly change is limited to the "cap rate" for positive changes, but not when the change is negative. At the end of the index term, all monthly changes (positive and negative) are added. If the result is positive, interest is added to the annuity. If the result is negative or zero, no interest (0%) is added.

## What Other Information Should You Consider?

### *Fees, Charges, and Adjustments*

Fees and charges reduce the value of your annuity. They help cover the insurer's costs to sell and manage the annuity and pay benefits. The insurer may subtract these costs directly from your annuity's value. Most annuities have fees and charges but they can be different for different annuities. Read the contract and disclosure or prospectus carefully and ask the annuity salesperson to describe these costs.

A **surrender or withdrawal charge** is a charge if you take part or all of the money out of your annuity during a set period of time. The charge is a percentage of the amount you take out of the annuity. The percentage usually goes down each year until the surrender charge period ends. Look at the contract and the disclosure or prospectus for details about the charge. Also look for any waivers for events (such as a death) or the right to take out a small amount (usually up to 10%) each year without paying the charge. If you take all of your money out of an annuity, you've surrendered it and no longer have any right to future income payments.

#### How Insurers Determine Indexed Interest

**Participation Rate** – Determines how much of the increase in the index is used to calculate index-linked interest. A participation rate usually is for a set period. The period can be from one year to the entire term. Some companies guarantee the rate can never be lower (higher) than a set minimum (maximum). Participation rates are often less than 100%, particularly when there's no cap rate.

**Cap Rate** – Typically, the maximum rate of interest the annuity will earn during the index term. Some annuities guarantee that the cap rate will never be lower (higher) than a set minimum (maximum). Companies often use a cap rate, especially if the participation rate is 100%.

**Spread Rate** – A set percentage the insurer subtracts from any change in the index. Also called a "margin or asset fee." Companies may use this instead of or in addition to a participation or cap rate.

Some annuities have a **Market Value Adjustment (MVA)**. An MVA could increase or decrease your annuity's account value, cash surrender value, and/or death benefit value if you withdraw money from your account. In general, if interest rates are *lower* when you withdraw money than they were when you bought the annuity, the MVA could *increase* the amount you could take from your annuity. If interest rates are *higher* than when you bought the annuity, the MVA could *reduce* the amount you could take from your annuity. Every MVA calculation is different. Check your contract and disclosure or prospectus for details.

### *How Annuities Make Payments*

#### **Annuitize**

At some future time, you can choose to **annuitize** your annuity and start to receive guaranteed fixed income payments for life or a period of time you choose. After payments begin, you can't take any other money out of the annuity. You also usually can't change the amount of your payments. For more information, see "*Payout Options*" in this Buyer's Guide. If you die before the payment period ends, your survivors may not receive any payments, depending on the payout option you choose.

#### **Full Withdrawal**

You can withdraw the cash surrender value of the annuity in a lump sum payment and end your annuity. *You'll likely pay a charge to do this if it's during the surrender charge period.* If you withdraw your annuity's cash surrender value, your annuity is cancelled. Once that happens, you can't start or continue to receive regular income payments from the annuity.

## Partial Withdrawal

You may be able to withdraw *some* of the money from the annuity's cash surrender value without ending the annuity. Most annuities with surrender charges let you take out a certain amount (usually up to 10%) each year without paying surrender charges on that amount. Check your contract and disclosure or prospectus. Ask your annuity salesperson about other ways you can take money from the annuity without paying charges.

## Living Benefits for Fixed Annuities

Some fixed annuities, especially fixed indexed annuities, offer a **guaranteed living benefits** rider, usually at an extra cost. A common type is called a guaranteed lifetime withdrawal benefit that guarantees to make income payments you can't outlive. While you get payments, the money still in your annuity continues to earn interest. You can choose to stop and restart the payments or you might be able to take extra money from your annuity. Even if the payments reduce the annuity's value to zero at some point, you'll continue to get payments for the rest of your life. If you die while receiving payments, your survivors may get some or all of the money left in your annuity.

## How Annuities Are Taxed

Ask a tax professional about your individual situation. The information below is general and should not be considered tax advice.

Current federal law gives annuities special tax treatment. Income tax on annuities is deferred. That means you aren't taxed on any interest or investment returns while your money is in the annuity. This isn't the same as tax-free. You'll pay ordinary income tax when you take a withdrawal, receive an income stream, or receive each annuity payment. When you die, your survivors will typically owe income taxes on any death benefit they receive from an annuity.

There are other ways to save that offer tax advantages, including Individual Retirement Accounts (IRAs). You can buy an annuity to fund an IRA, *but you also can fund your IRA other ways and get the same tax advantages.* When you take a withdrawal or receive payments, you'll pay ordinary income tax on all of the money you receive (not just the interest or the investment return). You also may have to pay a 10% tax penalty if you withdraw money before you're age 59½.

### Annuity Fees and Charges

**Contract fee** – A flat dollar amount or percentage charged once or annually.

**Percentage of purchase payment** – A front-end sales load or other charge deducted from each premium paid. The percentage may vary over time.

**Premium tax** – A tax some states charge on annuities. The insurer may subtract the amount of the tax when you pay your premium, when you withdraw your contract value, when you start to receive income payments, or when it pays a death benefit to your beneficiary.

**Transaction fee** – A charge for certain transactions, such as transfers or withdrawals.

### Payout Options

You'll have a choice about how to receive income payments. These choices usually include:

- For your lifetime
- For the longer of your lifetime or your spouse's lifetime
- For a set time period
- For the longer of your lifetime or a set time period

## ***Finding an Annuity That's Right for You***

An annuity salesperson who suggests an annuity must choose one that they think is right for you, based on information from you. They need complete information about your life and financial situation to make a suitable recommendation. Expect a salesperson to ask about your age; your financial situation (assets, debts, income, tax status, how you plan to pay for the annuity); your tolerance for risk; your financial objectives and experience; your family circumstances; and how you plan to use the annuity. If you aren't comfortable with the annuity, ask your annuity salesperson to explain why they recommended it. Don't buy an annuity you don't understand or that doesn't seem right for you.

Within each annuity, the insurer *may* guarantee some values but not others. Some guarantees may be only for a year or less while others could be longer. Ask about risks and decide if you can accept them. For example, it's possible you won't get all of your money back *or* the return on your annuity may be lower than you expected. It's also possible you won't be able to withdraw money you need from your annuity without paying fees *or* the annuity payments may not be as much as you need to reach your goals. These risks vary with the type of annuity you buy. All product guarantees depend on the insurance company's financial strength and claims-paying ability.

## ***Questions You Should Ask***

- Do I understand the risks of an annuity? Am I comfortable with them?
- How will this annuity help me meet my overall financial objectives and time horizon?
- Will I use the annuity for a long-term goal such as retirement? If so, how could I achieve that goal if the income from the annuity isn't as much as I expected it to be?
- What features and benefits in the annuity, other than tax deferral, make it appropriate for me?
- Does my annuity offer a guaranteed minimum interest rate? If so, what is it?
- If the annuity includes riders, do I understand how they work?
- Am I taking full advantage of all of my other tax-deferred opportunities, such as 401(k)s, 403(b)s, and IRAs?
- Do I understand all of the annuity's fees, charges, and adjustments?
- Is there a limit on how much I can take out of my annuity each year without paying a surrender charge? Is there a limit on the *total* amount I can withdraw during the surrender charge period?
- Do I intend to keep my money in the annuity long enough to avoid paying any surrender charges?
- Have I consulted a tax advisor and/or considered how buying an annuity will affect my tax liability?
- How do I make sure my chosen survivors (beneficiaries) will receive any payment from my annuity if I die?

*If you don't know the answers or have other questions, ask your annuity salesperson for help.*



## ***When You Receive Your Annuity Contract***

When you receive your annuity contract, carefully review it. Be sure it matches your understanding. Also, read the disclosure or prospectus and other materials from the insurance company. Ask your annuity salesperson to explain anything you don't understand. In many states, a law gives you a set number of days (usually 10 to 30 days) to change your mind about buying an annuity after you receive it. This often is called a **free look** or **right to return** period. Your contract and disclosure or prospectus should prominently state your free look period. If you decide during that time that you don't want the annuity, you can contact the insurance company and return the contract. Depending on the state, you'll either get back all of your money or your current account value.

