Navigating a Smooth Ride Through

ANNUITY SUITABILITY
Traditional Fixed and Fixed Indexed Annuities offer a financially sound, conservative path to help reach retirement goals.

The conservative characteristics of our traditional fixed and fixed indexed annuities alone are not enough to ensure they are the right product for someone at any specific point in their journey to retirement. That's where suitability comes in.

Suitability refers to whether the reasons behind an annuity sale are reasonable, given the applicant's individual needs, financial objectives and life circumstances.

As a company our goal is to provide policy owners with solid, reliable retirement products that will provide them with true value and benefits in their retirement years. In every action and every decision is our intention to do right by the policy owner, agent and company.

The Suitability Review Process

Ensure a smooth ride

Here are a few things you can do to keep your annuity applications in the processing fast lane:

- Always keep your applicants' needs first and offer the product that best matches their objectives.
- Don’t try to sell all of your applicants the same products, concepts, riders, etc. Each applicant should be considered individually and offered an appropriate solution for their needs.
- Clearly document the reasons behind your product recommendations for each applicant, especially if the transaction involves replacement of another annuity or life insurance product.
- Be sure the applicant understands both the advantages and the disadvantages (withdrawal charges, fees, lost benefits, etc.) of any replacement.
- Be sure all questions are answered completely and accurately on the suitability form and annuity application.
- Provide complete information on the application including a phone number where the applicant can easily be reached.
- Provide clear replacement reasons that are product related, if required on the replacement form.

All annuity applications and suitability forms are initially screened in New Business. Accurate and complete applications and forms will be submitted for suitability review immediately. Any applications that don’t meet our internal standards for suitability will be routed for full enhanced suitability review. You may be contacted for additional information first by email then by phone. Please respond promptly and provide as much detail as possible.

On transactions that include an exchange or replacement, we will not initiate the replacement process until the suitability review is approved.

For all applications that are flagged for enhanced suitability, our goal is to complete the initial review within 48 hours. We may require additional time and/or information to make a determination of suitability and complete the review.

Any changes to your contact information should be emailed to contracting@nationallife.com with your name, agent number, previous information, current information, and phone number. We may contact the applicant if we are unable to reach you.

In situations requiring revisions or clarifications of suitability information, we may require the applicant’s signature. If application requirements are not resolved, or requested information is not provided or deemed unsuitable, the transaction will be cancelled, the file will be closed, you and the applicant will be notified, and any money received will be returned.

Questions?
Call 800-906-3310
Annuity Sales – for assistance completing the annuity suitability form.
Annuity New Business – for status on submitted business.

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**SUITABILITY PROCESS**

**Application Received**

**Open Road**
- All answers on the suitability form and annuity application have been completed.
- Reasons for purchase match the applicant's needs and objectives.
- The applicant wants features in the new product that aren't available in his or her current product(s).

**Possible Detour**
- An incomplete suitability form will delay processing. Provide complete, accurate information when requested.
- Information on product/rider application or suitability form doesn't match information received from company whose product is being replaced.
- The policy is being purchased only for immediate interest crediting or Bonus Accumulation Value.
- Additional information is not provided when requested
- There is vague or inconsistent replacement explanation

**Approved**
- Issue with cash OR Initiate transfer
- Complete new business processing

**Enhanced Review**
- Full suitability review 24-48 hours.
- All applications for individuals age 65 and older will automatically be flagged and receive an enhanced suitability review. Additional applications will be randomly chosen for enhanced suitability review. Other applications may be reviewed depending on the answers or combination of answers provided on the suitability form.

**Road Block**
- Withdrawal charge on the policy being exchanged is greater than 3%, and additional benefits in the new product are not sufficient to justify the charge.
- Answers on the form suggest the product does not meet the applicant's financial needs and objectives.
- The applicant requires a withdrawal in the first policy year, or more than 10% of the account value during the withdrawal charge period.
- The applicant's investment objective for this product is aggressive.
- The applicant has a history of exchanging annuities within a few years of purchase.
- The transaction will replace an indexed annuity that is close to its annual interest crediting date.
- Objective to “gain higher rates or caps than existing product(s)” and existing product(s) has higher interest rate(s).

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Filling out the Suitability Form

The suitability form should be completed with the applicant during your fact finding process and signed at the point of sale. Complete all the questions including information about the source(s) of the money being used to purchase a new annuity or add money to an existing.

The following information will help you correctly complete the annuity suitability form.

To start, respond to all questions in the top portion of the suitability form. It is designed to assist determine if the form is needed. You may refer to the New Applications Annuity Suitability Form Requirements [Form No. 10119] to view a complete list of requirements and exclusions.

Next, provide information about the applicant and product.

Section I
- All questions in this section must be completed. All amounts can be approximate.
- Enter the household liquid net worth. Liquid net worth are assets that can be readily turned into cash: investments such as stocks and mutual funds. It may include penalty free annuity and life insurance cash value.
- If the applicant is retired, list the last occupation prior to retirement.
- Anticipated Retirement Age - list the age the applicant will stop working full-time.

Section II
- In determining the applicant’s risk tolerance in general and for this annuity purchase, use the following guidelines for selecting the appropriate check box:
  - Conservative – applicant cannot tolerate any loss of premiums paid or interest credited
  - Moderate – applicant cannot tolerate any loss; however, one or more years with little or no interest are acceptable
  - Aggressive – applicant seeks substantial market gains and is willing to lose premiums paid or interest previously credited
- Determine when the applicant intends to begin taking withdrawals.

Section III
- Aside from this transaction, indicate if another annuity has been exchanged within the last 36 months (60 months if CA or MN residents).
- Indicate previous and current financial product(s) owned.
- Note objective(s) for purchasing this policy. Check applicable objectives.
- Provide any additional information pertinent to the transaction not covered anywhere else in the form.

Section IV
- The source of the money being used in the transaction must be indicated. Please note all sources. If money was recently placed in a bank account, indicate the original source.
- Indicate if the funds being transferred were obtained from the sale of a security.
- Obtaining and submitting a recent account statement copy helps you complete the suitability form with the most accurate information, and helps expedite the review process.
- If the product being replaced has a lifetime withdrawal benefit, be prepared to submit a comparison of the old and new rider, if applicable.

Section V
- Owner/Applicant, Joint Owner and Annuitant must sign acknowledging all statements.
- If the owner and annuitant are different, both must sign.
- If joint owner spouses, both must sign.
- Any non-spouse joint owner situations require separate forms.
- Statements ensure the applicant is aware of the accessibility of his or her money, mechanics of the policy, and any potential consequences of a transfer.

Section VI
- Providing investment advice or analysis and recommending the sale of security product without appropriate licensure may be a regulatory violation. A recommendation does not include solely introducing and discussing new product to meet applicant’s needs or completing suitability and transfer forms.
- For business subject to the Department of Labor Fiduciary Rule, you may be asked to submit supporting documentation as to the best interest of the transaction(s).
- Agent must sign acknowledging all statements.