

# Annuity New Business Checklist

Protective Life Insurance Company<sup>1</sup>  
West Coast Life Insurance Company<sup>1</sup>  
Protective Life and Annuity Insurance Company

## APPLICATION

- Customer information completed in its entirety where applicable.**
- Beneficiary information completed in its entirety. Please note the following:**
  - ✓ Beneficiary allocations must equal 100% for both Primary and Contingent Beneficiaries.
  - ✓ Percentage and Designation are required for each beneficiary.
  - ✓ Any additional beneficiaries not included on the application must be submitted in writing with a signature of the owner(s) and dated.
- Plan Type. Please note the following:**
  - ✓ Include the plan type that we are to issue the contract and ensure that it is applicable to the product being sold.
  - ✓ Include the amount being submitted as well as any transfer and tax information applicable to this contract.
- Fund Allocations must equal 100%.**
- Replacement Questions completed in their entirety by both customer and agent.**
- Customer Signature. All owners must sign.**
  - ✓ Annuitant signature is required if different than the owner(s).
  - ✓ Complete Date, City and State fields.
- Agent Signature. To ensure timely processing, please include the following:**
  - ✓ Agent's name printed, Agency name, and Agent's phone number.
  - ✓ Florida License ID # if applicable.
- Indexed Annuities 14 Calendar days. Application and funds or Application and Transfer/Exchange form **must be received within 14 calendar days of sign date.****
  - ✓ All Initial Premiums should be identified on application (checks & transfers) - funded premium (checks) must accompany the new business – do not wait to forward
  - ✓ Client-initiated transactions – 60 day rate/cap lock given if completed LAD 1120 Transfer/Exchange form, with Client Initiated box checked, is completed

## SUITABILITY FORM

*Required for all annuity business submitted through an IMO/BGA. Where FINRA firms have a certified program for Protective to accept your firm's Registered Principal approval, the form is not required.*

## REPLACEMENT FORM(S)

*Please complete all applicable Replacement Forms.*

## TRANSFER / ROLLOVER / EXCHANGE FORM

*Please complete all applicable forms.*

## TRUST DOCUMENTATION

*If the owner is a Trust, we must receive a copy of the Trust Certification form or the first and last page of the trust in order to issue the contract.*

## POWER OF ATTORNEY DOCUMENTATION

*If applicable, POA documentation is required.*

<sup>1</sup> Not authorized in New York

FOR AGENT / BROKER DEALER INFORMATION ONLY. NOT FOR USE WITH CONSUMERS.

"Annuity contracts issued by Protective Life Insurance Company (PLICO-not authorized to sell insurance in NY), West Coast Life Insurance Company (WCL - not authorized to sell insurance in NY) and Protective Life and Annuity Insurance Company (PLAICO-authorized to sell life insurance in NY). Securities offered by Investment Distributors, Inc. (IDI). PLICO, PLAICO, and IDI are located at Birmingham, AL 35223, WCL located at San Francisco, CA 94104. All are subsidiaries of Protective Life Corporation. Protective Life Corporation is a separate company and is not responsible for the financial condition or the contractual obligations of PLICO, WCL, PLAICO, or IDI.

# Protective ProPayer® Income Annuity

A Single Premium Immediate Annuity

## PROTECTIVE LIFE INSURANCE COMPANY

Home Office: Nashville, Tennessee

Please send the application and check to:  
**Annuity New Business**

**Overnight:** 2801 Highway 280 South • Birmingham, AL 35223

**U. S. Postal Service:** P.O. Box 10648 • Birmingham, AL 35202-0648

### APPLICATION

<b>Owner 1</b> Last Name, First, M.I.		<input type="checkbox"/> Male	<input type="checkbox"/> Female	Birth Date	_____ / _____ / _____		SS/Tax ID # : _____
Address	Street	City	State	Zip	Daytime Telephone No.		
<b>Owner 2</b> Last Name, First, M.I.		<input type="checkbox"/> Male	<input type="checkbox"/> Female	Birth Date	_____ / _____ / _____		SS/Tax ID # : _____
Address	Street	City	State	Zip	Daytime Telephone No.		
<b>Annuitant 1</b> Last Name, First, M.I.		<input type="checkbox"/> Same as Owner 1	<input type="checkbox"/> Male	<input type="checkbox"/> Female	Birth Date	_____ / _____ / _____	
				SS/Tax ID # :	_____		
Address	Street	City	State	Zip	Daytime Telephone No.		
<b>Annuitant 2</b> Last Name, First, M.I.		<input type="checkbox"/> Same as Owner 2	<input type="checkbox"/> Male	<input type="checkbox"/> Female	Birth Date	_____ / _____ / _____	
				SS/Tax ID # :	_____		
Address	Street	City	State	Zip	Daytime Telephone No.		
<b>Primary Beneficiary</b> Last Name, First, M.I.		<input type="checkbox"/> Male	<input type="checkbox"/> Female	Birth Date	Relationship to Owner	SS/Tax ID # :	
				_____ / _____ / _____		_____	
<b>Contingent Beneficiary</b> Last Name, First, M.I.		<input type="checkbox"/> Male	<input type="checkbox"/> Female	Birth Date	Relationship to Owner	SS/Tax ID # :	
				_____ / _____ / _____		_____	
<b>Purchase Payment:</b> \$ _____							
<b>Plan Type:</b> <input type="checkbox"/> Non-Qualified <input type="checkbox"/> Traditional IRA <input type="checkbox"/> Roth IRA <input type="checkbox"/> Other Qualified Plan _____ <span style="float:right; font-size:small;">(Type of Qualified Plan)</span>							
<b>Replacement</b>							
Do you currently have an annuity contract or life insurance policy?						<input type="checkbox"/> Yes	<input type="checkbox"/> No
Will this annuity change or replace an existing annuity contract or life insurance policy?						<input type="checkbox"/> *Yes	<input type="checkbox"/> No
* If 'Yes' please provide the company name and policy or contract number in the spaces below and complete additional required forms.							
_____							
_____							
<b>Special Remarks</b>							

An annuity contract is not a deposit or obligation of, or guaranteed by any bank or financial institution. It is not insured by the Federal Deposit Insurance Corporation or any other government agency and is subject to investment risk, including the possible loss of principal.

**Initial Income Payment \$ \_\_\_\_\_**

Income payments begin within 30 days of the Effective Date and are payable to Annuitant 1. Please use 'Special Remarks' to delay the income date (up to 1 year) or to select a different payee.

**Income Option: (select one)**

For income options based on one or two lives, please attach a copy of a birth certificate, state driver's license or U.S. Passport as proof of age for each Annuitant. Certain periods may not be less than 5 years nor more than 30 years without our prior consent.

**Income Options Based on One Life**

- Single Life, with \_\_\_ years & \_\_\_ months certain       Single Life, with installment refund       Single Life, with cash refund

**Income Options Based on Two Lives**

- Joint Life, with \_\_\_ years & \_\_\_ months certain       Joint Life, with installment refund       Joint Life, with cash refund

If you selected an option based on two lives, the income payments may be reduced upon the death of either Annuitant. To elect this feature, enter the percentage of the current income payment each Annuitant should receive upon the death of the other. If no percentages are entered, income payments will not be reduced due to an Annuitant's death. (Please use whole percentages.)

Annuitant 1: \_\_\_ %

Annuitant 2: \_\_\_ %

**Income Options Not Based on a Life**

- \_\_\_ years & \_\_\_ months certain  
 Issue my contract as non-surrenderable.

*Unless you select the PAYPlus income escalation feature below, future income payments under this option may be surrendered according to the terms of the Contract. Check the box to the left to waive your right to surrender future income payments.*

**Income Payment Frequency: (select one)**

- Annually       Semi-Annually       Quarterly       Monthly

**PAYPlus: (select one)** PAYPlus, the annual income escalation feature, is not available with surrenderable income options.

- Yes, increase income payments \_\_\_ % on each income date anniversary. (10.00% maximum, in 0.01% increments)       No, do not increase my income payments.

**NOT INSURED BY ANY GOVERNMENT AGENCY · NO BANK GUARANTEE · NOT A DEPOSIT**

This application is part of the annuity contract. The information I provide is true and correct to the best of my knowledge and belief, but my statements are representations and not warranties. This application is made with the knowledge and consent of the proposed Annuitant(s). The company may accept instructions from any Owner on behalf of all Owners.

Application signed at: \_\_\_\_\_ on \_\_\_\_\_  
(City and State) (Date)

Owner 1: \_\_\_\_\_ Owner 2: \_\_\_\_\_

Annuitant 1: \_\_\_\_\_ Annuitant 2: \_\_\_\_\_  
(If other than Owner 1) (If other than Owner 2)

**Federal law requires the following notice: We may request or obtain additional information to establish or verify your identity.**

**Producer Report**

To the best of your knowledge and belief, does the applicant have an existing life insurance policy or annuity contract? \_\_\_ Yes \_\_\_ No

To the best of your knowledge and belief, does this annuity purchase change or replace any existing annuity or life insurance? \_\_\_ Yes \_\_\_ No

I determined the suitability of this annuity product to the applicant's financial objectives and situation by inquiring into the applicant's:

\_\_\_ financial status      \_\_\_ tax status      \_\_\_ investment objectives      \_\_\_ other relevant information

\* Comments: \_\_\_\_\_

Type of unexpired government-issued photo I.D used to verify the applicant's identity? \_\_\_\_\_ # \_\_\_\_\_

I certify that I have truly and accurately recorded on this application the information provided to me by the applicant.

Sign Producer Name: \_\_\_\_\_ Print Producer Name: \_\_\_\_\_

Producer Number: \_\_\_\_\_ Agency/Brokerage: \_\_\_\_\_

Producer Phone #: \_\_\_\_\_ FL Lic. #(if applicable): \_\_\_\_\_

**Beneficiary Information Request**

Use this form for initial beneficiary designations.

Owner's Name: \_\_\_\_\_ Annuitant's Name: \_\_\_\_\_

Contract Number: \_\_\_\_\_ Owner's SSN/TIN: \_\_\_\_\_

**PLEASE NOTE:** If multiple beneficiaries are named, proceeds will be paid equally to all primary beneficiaries surviving the owner (or annuitant if non-material owner) unless instructed otherwise. If all primary beneficiaries have predeceased the owner, proceeds will be paid to the named contingent beneficiaries equally unless instructed otherwise. If there are no surviving beneficiaries, proceeds will be paid to the owner's estate.

**BENEFICIARY INFORMATION:**

Beneficiary Type: (select one) <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Name: _____ Social Security Number: _____ Address: _____ Date of Birth: _____ Telephone Number: _____ Relationship to Owner: _____ (select one) <input type="checkbox"/> Spouse <input type="checkbox"/> Non-spouse Percentage: _____%
Beneficiary Type: (select one) <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Name: _____ Social Security Number: _____ Address: _____ Date of Birth: _____ Telephone Number: _____ Relationship to Owner: _____ (select one) <input type="checkbox"/> Spouse <input type="checkbox"/> Non-spouse Percentage: _____%
Beneficiary Type: (select one) <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Name: _____ Social Security Number: _____ Address: _____ Date of Birth: _____ Telephone Number: _____ Relationship to Owner: _____ (select one) <input type="checkbox"/> Spouse <input type="checkbox"/> Non-spouse Percentage: _____%
Beneficiary Type: (select one) <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Name: _____ Social Security Number: _____ Address: _____ Date of Birth: _____ Telephone Number: _____ Relationship to Owner: _____ (select one) <input type="checkbox"/> Spouse <input type="checkbox"/> Non-spouse Percentage: _____%
Beneficiary Type: (select one) <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Name: _____ Social Security Number: _____ Address: _____ Date of Birth: _____ Telephone Number: _____ Relationship to Owner: _____ (select one) <input type="checkbox"/> Spouse <input type="checkbox"/> Non-spouse Percentage: _____%
Beneficiary Type: (select one) <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Name: _____ Social Security Number: _____ Address: _____ Date of Birth: _____ Telephone Number: _____ Relationship to Owner: _____ (select one) <input type="checkbox"/> Spouse <input type="checkbox"/> Non-spouse Percentage: _____%

**SPECIAL INSTRUCTIONS:**

**SIGNATURES:**

\_\_\_\_\_  
 Owner's Name (please print)                      Owner's Signature                      Date

\_\_\_\_\_  
 Joint Owner's Name (please print)                      Joint Owner's Signature                      Date

<sup>1</sup> Not authorized in New York

**PROTECTIVE LIFE INSURANCE COMPANY**  
**P. O. Box 10648**  
**Birmingham, AL 35202-0648**  
**1-800-456-6330**

**IMPORTANT NOTICE REGARDING REPLACEMENT OF LIFE INSURANCE**

If you are thinking about DISCONTINUING or CHANGING an existing life insurance policy or annuity contract and BUYING a replacement, your decision could be a good one -- or possibly a mistake. Make sure that you understand the facts. You should:

- Make a careful comparison of your existing policy and the proposed policy.
- Ask the company or agent that sold you your existing policy to provide you with complete information about it.
- Consider both sides before you decide.
- Determine what you want your insurance program to do.
- Consider your present health. You may have had a change which could affect your insurability, so make sure to continue your present policy until a new policy is delivered to you and accepted by you.

This form MUST be completed in triplicate and the original given to you by the agent proposing replacement no later than at the time you apply for the new policy. (This form must be completed and given to you even though the proposed replacement policy is with the same company that sold you your existing policy.)

EXISTING POLICY INFORMATION on \_\_\_\_\_  
(Name of Insured)

COMPANY	TYPE OF* POLICY	POLICY NO.	DATE OF ISSUE	FACE AMOUNT OF BASIC POLICY	TYPE OF OPTIONAL BENEFITS

(If more policies are involved, use additional sets of forms)

PROPOSED POLICY INFORMATION on \_\_\_\_\_  
(Name of Insured)

COMPANY	TYPE OF* POLICY	FACE AMOUNT OF BASIC POLICY	TYPE OF OPTIONAL BENEFITS

Indiana Department of Insurance Regulations, 760 I AC 1-16.1 requires that the company making the replacement notify your existing insurance company that you may be replacing your existing policy. (You have the right, within twenty days after delivery of a replacement policy, to return it to the company and to claim an unconditional refund of all premiums paid on it.)

\_\_\_\_\_  
Applicant's/Insured's Signature

\_\_\_\_\_  
Replacing Agent's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

\*As shown on face of policy

\_\_\_\_\_  
Indiana License Number

**Request for Transfer or  
Exchange of Assets**

Protective Life Insurance Company <sup>1</sup>  
West Coast Life Insurance Company <sup>1</sup>  
Protective Life and Annuity Insurance Company  
Post Office Box 10648 / Birmingham, AL 35202-0648  
Toll Free: 800-456-6330 / Fax: 205-268-3151

Existing Protective Contract Number: \_\_\_\_\_ (for additional payments only)

Check here and complete Box 4 if this is being submitted for a Rate Lock only. (If Rate Lock request is for a CD, you **must** include proof of maturity from the Financial Institution.)

**Please do not select this option for the *Protective Indexed Annuity*, because the interest crediting elements for that product are determined as of the date the contract is purchased.**

Complete this form to transfer assets to Protective Life Insurance Company, West Coast Life Insurance Company or Protective Life and Annuity Insurance Company (each, the "Company") for the issuance of a new annuity contract.

**EXISTING ACCOUNT, CONTRACT OR POLICY TO BE TRANSFERRED**

Company Name \_\_\_\_\_ Telephone Number \_\_\_\_\_

Email Address \_\_\_\_\_ Fax Number \_\_\_\_\_

Company (Overnight) Address \_\_\_\_\_

Owner's Name \_\_\_\_\_ Owner's SSN/Tax ID \_\_\_\_\_ Joint Owner's Name \_\_\_\_\_ Jt Owner's SSN/Tax ID \_\_\_\_\_

Contract/Account Number \_\_\_\_\_ Annuitant Name & SSN \_\_\_\_\_  
(If different than Owner/Joint Owner)

The contract is:  
 attached  
 lost or destroyed

Please check this box if the existing contract being surrendered is a Fixed Annuity. (If box is checked, and your new Protective Life annuity is being issued in the state of Nevada, please complete form A-1128-NEV-Annuity.)

**EXISTING ACCOUNT, CONTRACT OR POLICY TO BE TRANSFERRED**

<input type="checkbox"/> CLIENT/AGENT INITIATED Non-Qualified:	<input type="checkbox"/> INTERNAL EXCHANGE	<input type="checkbox"/> EXTERNAL EXCHANGE Qualified:
<input type="checkbox"/> 1035 Exchange <input type="checkbox"/> Non-1035 Exchange <input type="checkbox"/> Mutual Fund <input type="checkbox"/> Bank CD <input type="checkbox"/> Other Non-1035 Exchanges	1. Plan Type: <input type="checkbox"/> IRA <input type="checkbox"/> 401(k) <input type="checkbox"/> Mutual Fund	2. Transfer Type: <input type="checkbox"/> CD <input type="checkbox"/> Roth IRA <input type="checkbox"/> 403(b)/TSA <input type="checkbox"/> Other _____

**Proposed Plan Type:**  Non-Qual  IRA  Roth IRA  Other \_\_\_\_\_

**TRANSFER INSTRUCTIONS**

See Attached LOI

- Amount to be transferred:  Complete: Liquidate and transfer all assets in my account, contract or policy  
 Partial: Liquidate and transfer assets totaling \$ \_\_\_\_\_
- When should transfer occur:  Immediately  
 Upon maturity date of \_\_\_\_/\_\_\_\_/\_\_\_\_ (mm/dd/yy)
- Current estimated value of the assets to be transferred are \$ \_\_\_\_\_
- RATE LOCK**  I wish to lock in the interest rate that is in effect when this signed form is received by the Company. **If this box is not checked, you will receive the interest rate in effect on the day we receive the transferred amounts.**  
(Please do not select this option for the *Protective Indexed Annuity*, because the interest crediting elements for that product are determined as of the date the contract is purchased.)

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**Complete 1035 Exchange:** I hereby make a complete and absolute assignment and transfer all rights, title and interest of every nature in the above contract to the accepting insurance company indicated below.

**Partial 1035 Exchange:** I hereby direct the issuer of the above-referenced existing annuity contract to process a partial 1035 exchange to the accepting insurance company indicated below. I intend for this transaction to qualify as a tax-free exchange for Federal income tax purposes.

**Based on our understanding of IRS guidance in Rev. Proc. 2011-38, if a contract is involved in a tax-free partial exchange under Internal Revenue Code section 1035 that is completed on or after October 24, 2011, and an amount is withdrawn from or received in surrender of either contract within 180 days of the exchange, the IRS will apply general tax principles to determine the substance, and hence the treatment of the partial exchange and the subsequent withdrawal or surrender. Such a withdrawal or surrender could affect how the partial exchange and the withdrawal or surrender is reported to you and the IRS.**

**For Other Transfers:** Unless it is noted above to hold for a future date, I request the surrendering company to immediately complete the transfer or rollover. Do not withhold any amount for taxes from the proceeds.

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**SIGNATURES:**

_____	_____	_____	_____
Owner's Signature	Date	Joint Owner's Signature	Date
_____	_____		
Annuitant's Signature	Date		

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**FOR HOME OFFICE USE ONLY**

**NOTICE OF ACCEPTANCE:** The Company will accept the assets and credit them to an annuity contract as described above. The Company has received an application from the Owner to establish an annuity contract for this transaction.

_____	_____	_____
Authorized Signature	Title	Date

**SETTLEMENT:** Please make check payable for the proceeds and mail to:

- Protective Life Insurance Company
- Protective Life and Annuity Insurance Company (New York Only)
- West Coast Life Insurance Company

Mailing Address: PO Box 10648  
Attn: 3-1 Annuity New Business  
Birmingham, AL 35202-0648

Overnight Address: 2801 Highway 280 South  
Attn: 3-1 Annuity New Business  
Birmingham, AL 35223

**Federal Tax Withholding on  
Periodic Annuity Payments**

Owner's Name: \_\_\_\_\_  NON-TAX QUALIFIED PLAN

Contract Number: \_\_\_\_\_  IRA / SEP

The taxable portion of the periodic annuity payments you receive from the above contract are subject to Federal income tax withholding, by treating each payment as wages, unless you elect not to have withholding apply. You may elect not to have tax withheld from your payment(s) by checking the appropriate box below, signing and dating this form, and returning it to us at the Home Office. If you do not elect out of withholding, Federal income tax will be withheld from your payments, using IRS wage withholding tables, based on the marital status and number of withholding allowances you have claimed below. If you do not elect a marital status and number of withholding allowances, we are required to withhold tax by treating you as a married individual claiming three (3) withholding allowances until you file an election to request withholding on a different basis. However, if we do not have your correct Social Security Number, you may not elect out of withholding and we must withhold tax by treating you as a single individual claiming zero (0) withholding allowances.

Your election will remain in effect and apply to all future payments you receive in this series under this contract until you change or revoke it. You may make, change, or revoke your election at any time and as often as you wish with regard to future payments in this series by filing a new election or sending us a completed IRS Form W4-P. Any election, change, or revocation of a previously filed election will be effective no later than for payments made 30 days after the new form is received by us. Your distribution may also be subject to state tax withholding requirements.

If you elect not to have withholding apply to your annuity payments, or if you do not have enough Federal income tax withheld from your payments, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

**Withholding Election** – Even if you elect not to have Federal income tax withheld, you are liable for payment of Federal income tax on the taxable portion of your annuity payments. You also may be subject to tax penalties under the estimated tax payment rules if your payments of estimated tax and withholding, if any, are not adequate.

\*For 403(b) and certain other qualified plans, the Company is required to withhold 20% federal income tax on the taxable amount of distributions that are not a direct rollover.

**Federal Tax Withholding Options (You must select one):**      **State Tax Withholding Options (You must select one):**

- Option 1. Withhold a fixed percent of \_\_\_\_\_%
- Option 2. Withhold a fixed dollar amount of \$\_\_\_\_\_
- Option 3. Withhold based on my preferred filing status.

- Option 1. Withhold a fixed percent of \_\_\_\_\_%
- Option 2. \*\* Withhold a fixed dollar amount of \$\_\_\_\_\_
- Option 3. \* Do not withhold any state tax.

Select your preference below:

- Single with \_\_\_\_\_ allowances
- Married with \_\_\_\_\_ allowances

**NOTE:** NC and MI will require the additional **NC-4P / MI-4P** if you elect **no** state withholding.

- Option 4. Do not withhold any federal tax.

***\*Some states require mandatory state income tax when federal income tax is withheld. For these states we will withhold based on the state requirements.***

***\*\*Some states do not allow state income tax withholding. We will withhold according to your instructions as allowed by the state.***

Owner's Signature \_\_\_\_\_ Date \_\_\_\_\_ Joint Owner's Signature \_\_\_\_\_ Date \_\_\_\_\_

Owner's SSN / Tax ID Number \_\_\_\_\_ Joint Owner's SSN / Tax ID Number \_\_\_\_\_

**THIS ELECTION SUPERCEDES PREVIOUS ELECTIONS FOR PAYMENTS FROM THIS CONTRACT**



## 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.

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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](http://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.

# Taxpayer Identification Number and Certification

Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
Business name/disregarded entity name, if different from above	
Check appropriate box for federal tax classification of the person whose name is entered on the Name line above. Check only <b>one</b> of the following seven boxes:  <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ <b>Note.</b> Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is <b>not</b> disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.  <input type="checkbox"/> Other ▶	Exemptions (codes apply only to certain entities, not individuals)  Exempt payee code (if any) _____  Exemption from FATCA reporting code (if any) _____  <i>(Applies to accounts maintained outside the U.S.)</i>
Address (number, street, and apt. or suite no.) See instructions.	Requester's name and address (optional)
City, State, and ZIP code	
List account number(s) here (optional)	

<b>Part I</b>	<b>Taxpayer Identification Number (TIN)</b>													
Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is generally your social security (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see Part I of the W-9 instructions at website listed below. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> on the W-9 instructions at website listed below.  <b>Note.</b> If the account is in more than one name, please refer to the W-9 instructions for guidelines on whose number to enter. Also, see <i>What Name and Number to Give the Requester</i> for guidelines on whose number to enter.	<b>Social security number</b> <table border="1"><tr><td></td><td></td><td></td><td>-</td><td></td><td></td><td>-</td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>				-			-						
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	<b>Employer identification number</b> <table border="1"><tr><td></td><td></td><td>-</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>			-										
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<b>Part II</b>	<b>Certification</b>
Under penalties of perjury, I certify that:	
<ol style="list-style-type: none"><li>The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and</li><li>I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and</li><li>I am a U.S. citizen or other U.S. person, and</li><li>The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.</li></ol>	
<b>Certification instructions.</b> You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN.	

Sign Here	Signature of U.S. person ▶	Date ▶
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