

# 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.

**INDIVIDUAL ANNUITY APPLICATION**

**Protective Life and Annuity Insurance Company**

**Select Product:**  Protective Indexed Annuity NY

**Send Applications to:**

**Overnight:** 2801 Hwy 280 South, Birmingham, Alabama 35223

**U. S. Mail:** P. O. Box 10648, Birmingham, Alabama 35202-0648

(800) 456-6330

Contract # \_\_\_\_\_

PRIMARY OWNER *(If mailing address is a P.O. Box, please provide a physical address in the 'Remarks' area.)*

Name: \_\_\_\_\_ Daytime Phone: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

SSN/Tax ID: \_\_\_\_\_ DOB: \_\_\_\_\_  M  F Email: \_\_\_\_\_

JOINT OWNER *(If applicable.)*

Name: \_\_\_\_\_ Daytime Phone: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

SSN/Tax ID: \_\_\_\_\_ DOB: \_\_\_\_\_  M  F Email: \_\_\_\_\_

ANNUITANT *(If different from Primary Owner. Must be a living person.)*

Name: \_\_\_\_\_ Daytime Phone: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

SSN/Tax ID: \_\_\_\_\_ DOB: \_\_\_\_\_  M  F Email: \_\_\_\_\_

PLAN TYPE  Non-Qualified  Traditional IRA  Roth IRA  Other \_\_\_\_\_  
*(Please choose one.)*

TOTAL ESTIMATED INITIAL PURCHASE PAYMENT *(Minimum: \$10,000)* \$ \_\_\_\_\_

FUNDING SOURCE *(Please check all that apply.)*

- Transfer - \$ \_\_\_\_\_
- Cash - \$ \_\_\_\_\_
- Rollover - \$ \_\_\_\_\_
- 1035 Exchange - \$ \_\_\_\_\_
- IRA or Roth IRA Contribution - \$ \_\_\_\_\_ for Tax Year \_\_\_\_\_

WITHDRAWAL CHARGE PERIOD:  5 Years  7 Years  
*(Please choose one.)*

CONTRACT ALLOCATION *(Must equal 100%.)* \_\_\_\_\_ % Annual Point-to-Point Indexed Strategy  
\_\_\_\_\_ % Annual Trigger Indexed Strategy  
\_\_\_\_\_ % Fixed Interest Strategy

SELECT THE OPTIONAL BENEFIT(S) TO BE INCLUDED IN YOUR CONTRACT – *Not Required.*

**Optional Return of Purchase Payments:** *Check the box to add this benefit. There is no fee, but contracts with this option may earn interest at a lower rate than those without it.*

REMARKS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**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.**

**REPLACEMENT:**

- Is this annuity intended to change or replace any existing life insurance policy or annuity contract?  NO  YES
  - Do you currently have a life insurance policy or annuity contract?  NO  YES
- (If 'YES', please provide the company name and policy or contract number below.)

Company - \_\_\_\_\_ Policy or Contract # \_\_\_\_\_  
 Company - \_\_\_\_\_ Policy or Contract # \_\_\_\_\_  
 Company - \_\_\_\_\_ Policy or Contract # \_\_\_\_\_

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

I understand this application will become part of my annuity contract. I have read the completed application and confirm that the information it contains is true and correct, to the best of my knowledge and belief. However, these statements are representations and not warranties. If this application has a Joint Owner, Protective Life may accept instructions from either Owner on behalf of both Owners.

I have received and read the "Annuity Buyer's Guide" and the annuity Disclosure Statement provided to me by my financial advisor.

To the best of my knowledge and belief, this annuity meets my current needs and financial objectives.

**I understand that I am purchasing an indexed annuity. I understand that indexed interest, if any, credited to an indexed strategy depends in part upon the performance of the strategy's independent index. I understand the value of the contract will be affected by the index, but the contract does not participate directly in any index or stock investment.**

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

\_\_\_\_\_  
Owner's Signature Joint Owner's Signature (if applicable) Annuitant's Signature (if not an Owner)

**Pursuant to federal law: We may request or obtain additional information to establish or verify your identity.**

**Use Administrative Form LAD-1225 to name or change a beneficiary anytime before the death of an owner.**

**PRODUCER REPORT:**

(To prevent delays processing this application, please complete all questions in this section.)

To the best of your knowledge and belief:

- Is this annuity purchase intended to change or replace any existing life insurance policy or annuity contract?  NO  YES
- Does the applicant have any existing life insurance policy(s) or annuity contract(s)?  NO  YES

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

I determined the suitability of this annuity to the applicant's current financial needs, goals, and situation by asking about the applicant's financial status, tax status, financial goals and objectives, and other relevant information.

I have accurately recorded the information provided by the applicant(s). I have not used any written sales materials other than those approved by Protective Life. I have reasonable grounds to believe the purchase of this annuity is suitable for the applicant(s).

Producer 1 Signature \_\_\_\_\_ Producer 1 # \_\_\_\_\_ Share \_\_\_\_\_ %  
 Producer 1 Printed Name \_\_\_\_\_  
 Broker/Agency Name \_\_\_\_\_ Phone # \_\_\_\_\_ Email \_\_\_\_\_  
 Producer 2 Printed Name \_\_\_\_\_ Producer 2 # \_\_\_\_\_ Share \_\_\_\_\_ %

**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.**

**Protective Life Insurance Company <sup>1</sup>**  
**West Coast Life Insurance Company <sup>1</sup>**  
**Protective Life and Annuity Insurance Company**  
**Post Office Box 1928 / Birmingham, AL 35201-1928**  
**Toll Free: 800-456-6330 / Fax: 205-268-6479**

**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 Indexed Annuity NY

A Limited Flexible Premium Deferred Indexed Annuity  
Form Series: NY-FIA-A-2008

## Protective Life and Annuity Insurance Company

www.protective.com

2801 Hwy 280 South, Birmingham, AL 35223  
800-456-6330

### DISCLOSURE STATEMENT

This document reviews important points to consider before you buy a *Protective Indexed Annuity NY*. It is a summary document and not part of your contract with us. The contract governs your rights and our obligations.

#### WHAT IS AN ANNUITY?

An annuity is a legal contract between you and an insurance company. An annuity should be used to accumulate money for *long-term* financial goals, like retirement. An annuity is the only financial product that can create a stream of income payments *guaranteed to last as long as you live*.

The *Protective Indexed Annuity NY* is a limited flexible premium deferred indexed annuity. *Limited flexible premium* means that you may – but are not required to – send us additional premium, but only during the first contract year. The minimum initial premium required to issue a contract is \$10,000. Each additional premium must be at least \$1,000. The maximum total premium we will accept is \$1 million per contract. In a *deferred annuity*, the income payments you receive begin in the future. The interest credited to an *indexed annuity* is determined – in part – by the performance of a reference index. The reference index for this annuity is the S&P 500® Index (without dividends). You do not pay taxes on the interest earned until the money is actually paid to you.

#### DEFINITIONS

Annuitant – The person whose life is used to determine the income payments.

Annuity Date – The date on which the income payments begin.

Beneficiary – The person who will receive the death benefit if the owner dies before the annuity date.

Owner – The person who purchases a contract, and the person from whom we accept instructions regarding the contract.

#### HOW DOES MY ANNUITY EARN INTEREST?

You allocate purchase payments (premium) to one or more *interest crediting strategies*, which are specific, defined methods used to calculate interest. The *initial* purchase payment includes all payments we receive within 14 days of the 'origination date', which is the date you purchase a contract. The initial purchase payment also includes amounts that result from an exchange, transfer or rollover from another annuity contract that we receive within 60 days of the origination date. Any portion of an initial purchase payment is applied directly to the interest crediting strategies on the day we receive it. *Additional* purchase payments are applied to a 'holding account' and remain there until the end of the current contract year, at which time the entire holding account value is transferred to the interest crediting strategies according to the current contract allocation instructions. We credit interest to the holding account at rates we declare, but it *is not* an interest crediting strategy.

- *Fixed Interest Crediting Strategy* – Interest is credited daily at a fixed annual rate that we declare in advance each year. The declared rate for this strategy will not be less than 1%.
- *Annual Point-to-Point Indexed Interest Crediting Strategy* – The annual interest rate is based on the performance of the S&P 500 Index each contract year. It is the *lesser* of the index performance or the interest rate cap. We declare the interest rate cap in advance each year. The interest rate cap will not be less than 1%.
- *Annual Trigger Indexed Interest Crediting Strategy* – The annual interest rate is based on the performance of the S&P 500 Index each contract year. If the index performance is 0% or more, the annual interest rate for the strategy is the 'trigger' interest rate. We declare the trigger interest rate in advance each year. It will not be less than 1%.
- *Performance* – Performance is the percentage change in the S&P 500 Index from the beginning to the end of each contract year. Negative performance does not reduce the contract value due to the contract's guaranteed minimum interest rate.
- *Guaranteed Minimum Interest Rate* – Regardless of index performance, amounts allocated to an indexed interest crediting strategy earn interest at an annual effective rate at least equal to the contract's minimum rate. If index performance would otherwise result in a lower rate, we will apply the contract's minimum interest rate to the index strategy value on each contract anniversary. Withdrawals (including the death benefit and amounts applied to an annuity income option) during a contract year earn interest at the minimum rate for portion of the contract year elapsed.

- You may re-allocate contract value among the interest crediting strategies, but only on contract anniversaries.
- Any time before the annuity date, the contract value is equal to the sum of all purchase payments and all interest credited, minus withdrawals from the contract, including applicable withdrawal charges.
- The contract value is the basis used to determine the surrender or withdrawal payments, death benefit and the income payments. *The contract value cannot go down unless withdrawals are taken.*

**HOW DO I GET MONEY OUT OF MY ANNUITY BEFORE THE INCOME PAYMENTS BEGIN?**

The *Protective Indexed Annuity NY* is designed to grow your contract value during the accumulation period and on the annuity date, convert the contract value to a regular, predictable stream of income payments according to your instructions. However, you may access all or a portion of the contract value before the annuity date by taking a withdrawal, or surrendering the annuity.

- **Free-Withdrawal Amount** – Each contract year, you may withdraw up to 10% of the contract value as of the prior contract anniversary without incurring a withdrawal charge. (During the 1<sup>st</sup> contract year, you may withdraw up to 10% of the initial purchase payment.) Aggregate withdrawals during any contract year that exceed the free-withdrawal amount are subject to the withdrawal charge, which is described below.
- **Withdrawal Charge** – You select the contract’s withdrawal charge period when you purchase the annuity. Longer withdrawal charge periods are typically associated with the opportunity to earn interest at higher rates. The *Protective Indexed Annuity NY* offers withdrawal charge periods from 5 to 10 years, inclusive, though all periods may not be available at all times. Your financial professional will advise you about the withdrawal charge periods currently being offered.

The withdrawal charge is a set percentage of the amount the withdrawal request exceeds the free-withdrawal amount. The withdrawal charge **increases** the total amount we deduct from the contract value.

- **Withdrawal Charge Percentage** – The withdrawal charge percentage that applies each contract year is a function of the number of complete contract years that have elapsed since the contract issue date.

# of Complete Years Elapsed Since the Contract Issue Date	0	1	2	3	4	5	6	7	8	9	10+
5-Year Withdrawal Charge Period	9%	9%	8%	7%	6%	0%	0%	0%	0%	0%	0%
7-Year Withdrawal Charge Period	9%	9%	8%	7%	6%	5%	4%	0%	0%	0%	0%

- **Withdrawal Charge Waivers** – The withdrawal charge does not apply after the withdrawal charge period for your contract expires. We also waive any withdrawal charge that would otherwise apply if, after the contract issue date, you or your spouse meet the qualifying conditions described in the contract and...
  - enter a nursing home or are diagnosed with a terminal illness that is expected to result in death within 12 months; or
  - become unemployed.

Finally, the withdrawal charge does not apply when we pay the death benefit or when, on the annuity date, the contract value is withdrawn, surrendered or applied to an annuity option.

***All withdrawals reduce the contract value, death benefit and future income payments. Withdrawals are subject to income tax and may be subject to a 10% federal tax penalty if taken before age 59½. You should consult a professional to assess the impact to your personal tax situation of a withdrawal from the contract.***

**IS THERE A DEATH BENEFIT?**

- **Death Benefit** – The contract pays a death benefit to the beneficiary if an owner dies before the annuity date. The death benefit is the contract value (plus any guaranteed interest earned on the indexed strategy values since the last contract anniversary).
- **Payment of the Death Benefit** –The Internal Revenue Code controls how the death benefit must be paid. The death benefit may be taken in one lump sum immediately, and the contract will terminate. If not taken immediately, the death benefit will continue to earn interest according to the terms of the contract and must be fully distributed either: a) within 5 years of the owner's death; or, b) over the life (or life expectancy) of the beneficiary with payments beginning within one year of the owner's death.

- Additional Option for a Spouse – If the deceased owner's spouse is the sole primary beneficiary, instead of taking the death benefit, the surviving spouse may continue the contract and become the owner. Note, however, that unmarried civil union or domestic partners are not treated as spouses under federal law. Therefore, this 'spousal continuation' option is not available even though these relationships may be fully recognized in your state.

### HOW DO I BEGIN INCOME PAYMENTS?

- Annuity Date – On the annuity date, you may apply the contract value (or the minimum surrender value, if greater) to an annuity option and begin the income payments. Or, you may take that amount in a lump sum. The latest annuity date is the oldest owner's or annuitant's 95<sup>th</sup> birthday, but you may choose an earlier date, provided it occurs after the first contract anniversary.
- Income Payments – You customize the income payments by selecting the annuity option and the payment frequency. Once established, however, your income payments may not be altered or surrendered. Two basic annuity options are available: Income payments for a specified time (called a "certain period"); or, Income payments for life, with or without a certain period.
- Payment Frequency – Income payments must occur at least once a year, but you may have them made monthly, quarterly or semi-annually. More frequent payments will result in slightly lower annual amounts than less frequent payments. So, for example, the sum of 12 monthly payments will be a little bit less than the sum of 4 quarterly payments which, in turn, will be smaller than a single annual payment.
- Payments for a Certain Period – We will make periodic income payments for the entire certain period you select. No certain period may be less than 10 years, unless we agree to a shorter period.
- Payments for Life with or without a Certain Period – Income payments can be based on the life of either one or two living persons called 'annuitants'. Income payments under a 'single life' annuity option end upon the death of the annuitant. Income payments under a 'joint life' option end when the last surviving annuitant dies. If you select a joint life option, you may – but are not required – to specify a reduction in the income payments to a surviving annuitant.

You may add a certain period to either a single or joint life annuity option. If you do, the income payments are guaranteed for at least as long as the certain period you select, and continue beyond that time for as long as the annuitant (or if joint life, the last surviving annuitant) lives.

- Default Annuity Option – If you do not selected an annuity option, on the annuity date we will begin making monthly income payments for the life of the named annuitant with a 10-year certain period.
- Minimum Annuity Rates – The minimum annuity rates for the annuity options are described in the contract and guaranteed. If, at the time your income payments begin, we are offering higher rates for the same annuity option, your income payments will be based on the higher rates.

### HOW DOES THIS ANNUITY AFFECT MY FEDERAL INCOME TAXES?

*The information in this section is based on information you provide and our understanding of current federal tax law. Protective Life does not provide tax advice. You should always consult with a trusted professional to determine the impact of any financial transaction on your personal tax situation.*

- Tax Status – You have indicated your contract will be:  Non-Qualified  IRA, or other Tax Qualified Plan
- Deferred Taxation of Interest Earned – An annuity contract is a tax deferred financial instrument. You are not taxed on the interest credited to the contract until it is paid to you. At that time, you will pay tax at the same rate as other ordinary income. You may also be subject to a 10% federal tax penalty if the withdrawal occurs before age 59½, unless an exception applies (e.g., death, disability, substantially equal periodic payments, etc.).
- Tax-Qualified Plans – If this annuity is a traditional IRA (or other tax qualified plan), you will pay taxes on the entire amount withdrawn because – generally – the money that funds the contract has not yet been taxed. *These plans provide the same tax deferral as an annuity contract*, so the annuity does not provide any additional tax benefits. However, an annuity may have other valuable features that enhance these plans.
- Tax-Free Exchanges – You can exchange one tax-deferred annuity for another without paying taxes on the earnings when you made the exchange. Before you do, compare the benefits, features, and costs of the two annuities. You may be assessed a charge by the company who issued your current annuity, and you may be subject to company charges under the new annuity if you take withdrawals from it.

## WHAT ELSE SHOULD I KNOW ABOUT THIS ANNUITY?

- Fees and Charges – We do not charge a fee to issue a contract, and there are no ongoing or annual fees associated with owning it. The withdrawal charge (explained above) is the only charge we will assess, and you may avoid it by not withdrawing more than the free withdrawal amount in any contract year during the withdrawal charge period.
- Dividends – This contract does not pay dividends, nor does it share in our surplus or profits.
- Contract Changes – We may change the contract to comply with any federal or state statutes, rules or regulations. If this occurs, we will notify you about the changes in writing.
- Sales Commission – We pay a commission to the financial professional who sells the annuity to you. In some cases, the commission paid for selling this annuity may be more than the commission earned by selling another product.
- Right to Cancel – If you purchase a contract, you may cancel it for any reason within a specified number of days (not less than 10) after the date you receive it by returning it to us or the person who sold it to you with a written request for cancellation. If cancelled, we will promptly return all the money you paid to purchase the contract. If this contract replaced another annuity contract or life insurance policy you previously owned, you may cancel this contract within 60 days of the date you received it.



**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**

CLIENT/AGENT INITIATED  INTERNAL EXCHANGE  EXTERNAL EXCHANGE  
Non-Qualified: \_\_\_\_\_ Qualified: \_\_\_\_\_

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> 1035 Exchange<br><input type="checkbox"/> Non-1035 Exchange<br><input type="checkbox"/> Mutual Fund<br><input type="checkbox"/> Bank CD<br><input type="checkbox"/> Other Non-1035 Exchanges | 1. Plan Type:<br><input type="checkbox"/> IRA <input type="checkbox"/> CD<br><input type="checkbox"/> 401(k) <input type="checkbox"/> Roth IRA<br><input type="checkbox"/> Mutual Fund <input type="checkbox"/> 403(b)/TSA<br><input type="checkbox"/> Other _____ | 2. Transfer Type:<br><input type="checkbox"/> Trustee Transfer<br><input type="checkbox"/> Direct Rollover |
|---|--|--|

**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

## GENERAL AGENT INSTRUCTIONS FOR REGULATION 60 APPLICATIONS

Regulation 60 establishes the requirements regarding New York Replacements of life insurance and annuities. Producers are obligated to comply with the regulation when proposing and submitting new business.

The purpose of Regulation 60 is to:

- (a) To implement the New York Insurance Law of New York by regulating the acts and practices of insurers, insurance agents, insurance brokers, and other licensees of the Department of Financial Services department with respect to the internal and external replacement of life insurance policies and annuity contracts; and
- (b) To protect the interest of the public by establishing minimum standards of conduct to be observed in the replacement and proposed replacement of life insurance policies and annuity contracts; by making available full and clear information on which an applicant for life insurance or annuities can make a decision in his or her own best interest by reducing the opportunity for misrepresentation and incomplete comparison in replacement situations (commonly referred to as twisting); and by precluding unfair methods of competition and unfair practices.

New York's Replacement Regulation 60 sets forth the procedures and forms which are required for any new life insurance or annuity application to be purchased and delivered, or issued for delivery, in the state of New York, where it is known that as a part of the transaction, existing life insurance policies or annuity contracts are likely to be, or have been, replaced by a proposed life insurance policy or annuity contract, to include:

- 1) lapsed, surrendered, partially surrendered, forfeited, assigned to the insurer replacing the life insurance policy or annuity contract, or otherwise terminated;
- 2) changed or modified into paid-up insurance; continued as extended term insurance or under another form of nonforfeiture benefit; or otherwise reduced in value by the use of nonforfeiture benefits, dividend accumulations, dividend cash values or other cash values;
- 3) changed or modified so as to effect a reduction either in the amount of the existing life insurance or annuity benefit or in the period of time the existing life insurance or annuity benefit will continue in force;
- 4) reissued with a reduction in amount such that any cash values are released, including all transactions wherein an amount of dividend accumulations or paid-up additions is to be released on one or more of the existing policies;
- 5) assigned as collateral for a loan or made subject to borrowing or withdrawal of any portion of the loan value, including all transactions wherein any amount of dividend accumulations or paid-up additions is to be borrowed or withdrawn on one or more existing policies; or
- 6) continued with a stoppage of premium payments or reduction in the amount of premium paid.

The following provides you with the forms, instructions and procedures necessary to ensure a correct application package and quality issuance of the contract.

### **Required Forms** –

*Note: Please verify that all forms are accurately completed. Incomplete forms, or forms missing signatures, dates, etc. will delay issue.*

1. **Definition of Replacement** – LAD-1226-NY (1 pg.)
2. **Notice to Insurer of Proposed Replacement** – LAD-1110-NY (2 pgs.)
3. **Important Notice Regarding Replacement or Change of Life Insurance Policies or Annuity Contracts** – LAD-1255-NY (2 pgs.)
4. **Disclosure Statement** – LAD-1254-NY (5 pgs.)

### **Website Instructions** –

- 1) Log on to [www.myprotective.com](http://www.myprotective.com).
- 2) Click on **MARKETING RESOURCES AND TOOLS**.
- 3) Click on **Forms & Applications**.

### **Agent Procedures** –

- **To determine if a replacement exists**, *prior to taking the application/ticket, review the **Definition of Replacement** (LAD-1226-NY) form with the applicant.*

#### **Definition of Replacement** (LAD-1226-NY)

- a. This form must be completed and signed by the applicant and agent for every application taken in the state of New York, even when no replacement is involved.
- b. Leave a signed copy of the **Definition of Replacement** form with the applicant for the applicant's records.
- c. This form must be received at Protective with the application, *completed and signed on or before the application signature date*.
- d. If your client answers "**Yes**" to any of the **Definition of Replacement** questions, a replacement has occurred or is likely to occur.

- **Where a replacement is identified**, *please provide the following:*

#### 1. **Notice to Insurer of Proposed Replacement** (LAD-1110-NY)

- a. This form serves as authorization for Protective to obtain the existing policy information from the existing insurer necessary to complete the **Disclosure Statement**.
- b. List any sales material, including form name and number, and submit a copy of any proposal used in the sale of the proposed life insurance policy or annuity contract.
- c. The **Notice to Insurer of Proposed Replacement** form must be completed and signed by the existing policy/contract owner(s) only when there is existing coverage being replaced.

2. **Important Notice Regarding Replacement or Change of Life Insurance Policies or Annuity Contracts (LAD-1255-NY)**
  - a. The **Important Notice** form must be completed only when there is existing coverage being replaced.
  - b. This form must be received at Protective with the application, *completed and signed by the applicant on or before the application signature date*.
  - c. Leave a signed copy of the **Important Notice** form with the applicant for the applicant's records.
  
3. **Disclosure Statement (LAD-1254-NY)**
  - a. This form is only required when there is existing coverage being replaced.
  - b. Protective will provide you with a partially completed **Disclosure Statement** containing information received from the existing insurer, along with the proposed policy/contract values.
  - c. Upon receipt of the **Disclosure Statement**, you must:
    - Review all pages of the Disclosure Statement for accuracy and completeness
    - Complete the *Agent/Broker's Statement* with detailed responses regarding your recommendation to replace an existing policy or contract
    - Verify if sales material was used by checking the appropriate box
    - Sign and date the form
  - d. The **Disclosure Statement** must be received completed and signed prior to policy/contract issuance. If not, the policy/contract issue will be delayed.

### **Important Reminders –**

- ✓ Submit to Protective, with the application, a list of all policies/contracts proposed to be replaced along with a copy of the sales material, including the proposal, used in the sale of the life insurance policy or annuity contract.
- ✓ Please verify that the items above are received as indicated to avoid policy/contract issue delays.
- ✓ Once completed documents are received, reviewed and processed, the policy/contract and supporting documents will be sent to you or your client, as prescribed by your firm or the arrangement with Protective.

**APPENDIX 11**  
**DEPARTMENT OF FINANCIAL SERVICES OF THE STATE OF NEW YORK**  
**DEFINITION OF REPLACEMENT**

IN ORDER TO DETERMINE WHETHER YOU ARE REPLACING OR OTHERWISE CHANGING THE STATUS OF EXISTING LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS, AND IN ORDER TO RECEIVE THE VALUABLE INFORMATION NECESSARY TO MAKE A CAREFUL COMPARISON IF YOU ARE CONTEMPLATING REPLACEMENT, THE AGENT OR BROKER IS REQUIRED TO ASK YOU THE FOLLOWING QUESTIONS AND EXPLAIN ANY ITEMS THAT YOU DO NOT UNDERSTAND.

AS PART OF YOUR PURCHASE OF A NEW LIFE INSURANCE POLICY OR A NEW ANNUITY CONTRACT, HAS EXISTING COVERAGE BEEN, OR IS IT LIKELY TO BE:

(1) LAPSED, SURRENDERED, PARTIALLY SURRENDERED, FORFEITED, ASSIGNED TO THE INSURER REPLACING THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT, OR OTHERWISE TERMINATED?

YES \_\_\_\_\_ NO \_\_\_\_\_

(2) CHANGED OR MODIFIED INTO PAID-UP INSURANCE; CONTINUED AS EXTENDED TERM INSURANCE OR UNDER ANOTHER FORM OF NONFORFEITURE BENEFIT; OR OTHERWISE REDUCED IN VALUE BY THE USE OF NONFORFEITURE BENEFITS, DIVIDEND ACCUMULATIONS, DIVIDEND CASH VALUES OR OTHER CASH VALUES?

YES \_\_\_\_\_ NO \_\_\_\_\_

(3) CHANGED OR MODIFIED SO AS TO EFFECT A REDUCTION EITHER IN THE AMOUNT OF THE EXISTING LIFE INSURANCE OR ANNUITY BENEFIT OR IN THE PERIOD OF TIME THE EXISTING LIFE INSURANCE OR ANNUITY BENEFIT WILL CONTINUE IN FORCE?

YES \_\_\_\_\_ NO \_\_\_\_\_

(4) REISSUED WITH A REDUCTION IN AMOUNT SUCH THAT ANY CASH VALUES ARE RELEASED, INCLUDING ALL TRANSACTIONS WHEREIN AN AMOUNT OF DIVIDEND ACCUMULATIONS OR PAID-UP ADDITIONS IS TO BE RELEASED ON ONE OR MORE OF THE EXISTING POLICIES?

YES \_\_\_\_\_ NO \_\_\_\_\_

(5) ASSIGNED AS COLLATERAL FOR A LOAN OR MADE SUBJECT TO BORROWING OR WITHDRAWAL OF ANY PORTION OF THE LOAN VALUE, INCLUDING ALL TRANSACTIONS WHEREIN ANY AMOUNT OF DIVIDEND ACCUMULATIONS OR PAID-UP ADDITIONS IS TO BE BORROWED OR WITHDRAWN ON ONE OR MORE EXISTING POLICIES?

YES \_\_\_\_\_ NO \_\_\_\_\_

(6) CONTINUED WITH A STOPPAGE OF PREMIUM PAYMENTS OR REDUCTION IN THE AMOUNT OF PREMIUM PAID?

YES \_\_\_\_\_ NO \_\_\_\_\_

IF YOU HAVE ANSWERED YES TO ANY OF THE ABOVE QUESTIONS, A REPLACEMENT AS DEFINED BY NEW YORK INSURANCE REGULATION 60 HAS OCCURRED OR IS LIKELY TO OCCUR AND YOUR AGENT OR BROKER IS REQUIRED TO PROVIDE YOU WITH THE **IMPORTANT** NOTICE REGARDING REPLACEMENT OR CHANGE OF LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS. YOU WILL ALSO RECEIVE A COMPLETED DISCLOSURE STATEMENT NO LATER THAN THE TIME YOUR NEW POLICY OR NEW CONTRACT IS DELIVERED.

**Date:** \_\_\_\_\_ **Signature of Applicant:** \_\_\_\_\_

**Date:** \_\_\_\_\_ **Signature of Applicant:** \_\_\_\_\_

TO THE BEST OF MY KNOWLEDGE, A REPLACEMENT IS INVOLVED IN THIS TRANSACTION:

YES \_\_\_\_\_ NO \_\_\_\_\_

**Date:** \_\_\_\_\_ **Signature of Agent or Broker:** \_\_\_\_\_

**NOTICE TO INSURER OF PROPOSED REPLACEMENT - ANNUITY**

Date:

**EXISTING POLICY/CONTRACT INFORMATION**

Company Name: (Please complete a separate form for each company)

Policy/Contract Type:	<input type="checkbox"/> Life Insurance <input type="checkbox"/> Annuity	<input type="checkbox"/> Life Insurance <input type="checkbox"/> Annuity	<input type="checkbox"/> Life Insurance <input type="checkbox"/> Annuity
-----------------------	---	---	---

Policy/Contract #:

Policy/Contract Owner(s):

Check if this is a Deferred Annuity to Immediate Annuity replacement and indicate the Payout Type/Income Option Selected (for example, Life Income with 10 year period certain)

Payout Type/Income Option: \_\_\_\_\_

**AGENT INFORMATION – PROPOSED POLICY/CONTRACT**

Name of Agent:

Address: (Street, City, State and Zip Code)

Telephone Number:

Fax Number:

**SALES MATERIAL**

List all sales material used in this sale, including form name and form number.  
For variable products, list any sales material used in addition to the prospectus.  
If no sales material was used, please indicate by adding NONE.

FORM NAME:

FORM NUMBER:

**PROPOSAL**

Indicate if a proposal was used in this sale. If Yes, please submit a copy of the proposal with this form.

Yes  No

**EXISTING INSURER**

1. Please be advised that the policy/contract owner is considering replacing the policy(ies)/contract(s) listed above. The policy/contract owner authorizes the insurer to release the information needed for completing the New York State LICONY Disclosure Statement, LICONY Appendix 10B, attached. In accordance with the New York State Department of Financial Services Regulation 60, it is required that this information be furnished within twenty (20) days to:

- The agent named above
- PROTECTIVE LIFE AND ANNUITY INSURANCE COMPANY
- The agent of record of the existing policy and/or contract

2. PLEASE NOTE:

- If a Deferred Annuity to Immediate Annuity replacement is indicated on page 1 of this form, you must provide the information required to complete page 3b of the LICONY Appendix 10B – Disclosure Statement.
- If the existing annuity includes any Guaranteed Living Benefits (GLB’s), you must include the information required to complete page 3a of the LICONY Appendix 10B – Disclosure Statement.

3. Please forward this information to:

**PROTECTIVE LIFE AND ANNUITY INSURANCE COMPANY**  
Fax: 1-205-268-3151  
or email to [Annuities@Protective.com](mailto:Annuities@Protective.com)

This authorization is valid until revoked by the undersigned in writing.

\_\_\_\_\_  
Policy/Contract Owner’s Signature

\_\_\_\_\_  
Joint Policy/Contract Owner’s Signature

\_\_\_\_\_  
Policy/Contract Owner’s Name (Printed)

\_\_\_\_\_  
Joint Policy/Contract Owner’s Name (Printed)

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State and Zip Code

\_\_\_\_\_  
City, State and Zip Code



**APPENDIX 10C  
DEPARTMENT OF FINANCIAL SERVICES OF THE STATE OF NEW YORK**

**IMPORTANT NOTICE REGARDING REPLACEMENT OR CHANGE OF LIFE INSURANCE POLICIES  
OR ANNUITY CONTRACTS**

**THIS NOTICE IS FOR YOUR BENEFIT AND REQUIRED BY 11 NYCRR PART 51 (INSURANCE  
REGULATION 60)**

YOU ARE CONTEMPLATING THE PURCHASE OF A LIFE INSURANCE POLICY OR ANNUITY CONTRACT IN CONNECTION WITH THE SURRENDER, LAPSE OR CHANGE OF EXISTING LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS. THE AGENT OR BROKER IS REQUIRED TO GIVE YOU THIS NOTICE. A SIGNED DISCLOSURE STATEMENT WILL ALSO BE PROVIDED TO YOU CONTAINING THE SUMMARY RESULT COMPARISON FOR THE NEW LIFE INSURANCE POLICY OR ANNUITY CONTRACT AND ANY LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS TO BE CHANGED THAT SETS FORTH THE FACTS OF THE TRANSACTION AND ITS ADVANTAGES AND DISADVANTAGES TO YOU. YOUR DECISION COULD BE A GOOD ONE – OR A MISTAKE – SO MAKE SURE YOU UNDERSTAND THE FACTS. YOU SHOULD:

1. CAREFULLY STUDY THE DISCLOSURE STATEMENT, WHICH INCLUDES A SUMMARY RESULT COMPARISON, UNTIL YOU ARE SURE YOU UNDERSTAND FULLY THE EFFECT OF THE TRANSACTION. **THE DISCLOSURE STATEMENT IS REQUIRED TO BE PROVIDED TO YOU NO LATER THAN UPON DELIVERY OF THE POLICY OR CONTRACT.**
2. ASK THE COMPANY, AGENT OR BROKER FROM WHOM YOU BOUGHT YOUR EXISTING LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS TO REVIEW WITH YOU THE TRANSACTION. YOU MAY BE ABLE TO EFFECT THE CHANGES YOU DESIRE MORE ADVANTAGEOUSLY WITH THEM.
3. CONSULT YOUR TAX ADVISOR. THERE MAY BE UNFAVORABLE TAX IMPLICATIONS ASSOCIATED WITH THE CONTEMPLATED CHANGES TO YOUR EXISTING LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS.

As a general rule, it is often not advantageous to drop or change existing coverage in favor of new coverage, whether issued by the same or a different insurance company. Some of the reasons it may be disadvantageous are:

1. The amount of the annual premium under an existing life insurance policy may be lower than that called for by a new life insurance policy having the same or similar benefits. Any replacement of the same type of policy will normally be at a higher premium rate based upon the insured's then attained age.
2. Since the initial costs of a life insurance policy are charged against the cash value increases in the earlier life insurance policy years, the replacement of an old life insurance policy by a new one results in the policyholder sustaining the burden of these costs twice. Annuity contracts usually contain provisions for surrender charges, therefore a replacement involving annuity contracts may result in the imposition of surrender charges.
3. The incontestable and suicide clauses begin anew in a new life insurance policy. This could result in a claim being denied under the new life insurance policy that would have been paid under the life insurance policy that was replaced.

4. An existing life insurance policy or annuity contract often has more favorable provisions than a new life insurance policy or annuity contract in areas such as loan interest rate, settlement options, disability benefits and tax treatment.
5. There may have been changes in your health since the purchase of the existing coverage.
6. The insurance company with which you have existing coverage can often make a desired change on terms that would be more favorable than if you replaced existing coverage with new coverage.

YOU HAVE THE RIGHT, WITHIN 60 DAYS FROM THE DATE OF DELIVERY OF A NEW LIFE INSURANCE POLICY OR ANNUITY CONTRACT, TO RETURN IT TO THE INSURER AND RECEIVE AN UNCONDITIONAL FULL REFUND OF ALL PREMIUMS OR CONSIDERATIONS PAID ON IT, OR IN THE CASE OF A VARIABLE OR MARKET VALUE ADJUSTMENT POLICY OR CONTRACT, A PAYMENT OF THE CASH SURRENDER BENEFITS PROVIDED UNDER THE POLICY OR CONTRACT, PLUS THE AMOUNT OF ALL FEES AND OTHER CHARGES DEDUCTED FROM GROSS CONSIDERATIONS OR IMPOSED UNDER THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT, AND MAY HAVE THE RIGHT TO REINSTATE OR RESTORE ANY LIFE INSURANCE POLICIES AND ANNUITY CONTRACTS THAT WERE SURRENDERED, LAPSED OR CHANGED IN THE TRANSACTION TO THEIR FORMER STATUS TO THE EXTENT POSSIBLE AND IN ACCORDANCE WITH THE INSURER'S PUBLISHED REINSTATEMENT RULES TO THE EXTENT SUCH RULES ARE NOT INCONSISTENT WITH THE PROVISIONS OF 11 NYCRR PART 51 (INSURANCE REGULATION 60).

**IMPORTANT:** THIS RIGHT SHOULD NOT BE VIEWED AS REINSTATING OR RESTORING YOUR LIFE INSURANCE POLICY OR ANNUITY CONTRACT TO THE SAME CONDITION AS IF IT HAD NEVER BEEN REPLACED. THERE MAY BE CONSEQUENCES IN REINSTATING OR RESTORING YOUR LIFE INSURANCE POLICY OR ANNUITY CONTRACT, INCLUDING BUT NOT LIMITED TO:

- THE RIGHT TO REINSTATE OR RESTORE YOUR LIFE INSURANCE POLICY OR ANNUITY CONTRACT APPLIES ONLY TO COMPANIES SUBJECT TO NEW YORK INSURANCE LAWS;
- YOUR LIFE INSURANCE POLICY OR ANNUITY CONTRACT IS SUBJECT TO YOUR SPECIFIC COMPANY'S REINSTATEMENT RULES, WHICH MAY VARY FROM COMPANY TO COMPANY. THESE RULES MAY REQUIRE PAYMENT OF BOTH PREMIUM AND INTEREST; HOWEVER, YOU WILL NOT BE SUBJECT TO EVIDENCE OF INSURABILITY, OR A NEW CONTESTABLE OR SUICIDE PERIOD;
- YOU MAY NOT RECEIVE THE INTEREST OR INVESTMENT PERFORMANCE DURING THE PERIOD THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT WAS REPLACED; AND
- THERE MAY BE UNFAVORABLE FEDERAL INCOME TAX CONSEQUENCES AS A RESULT OF THE REINSTATEMENT OF YOUR LIFE INSURANCE POLICY OR ANNUITY CONTRACT.

**IMPORTANT:** IN THE CASE OF A VARIABLE OR MARKET VALUE ADJUSTMENT POLICY OR CONTRACT, THE VALUE OF THE POLICY OR CONTRACT MAY INCREASE OR DECREASE DURING THE 60 DAY PERIOD DEPENDING ON THE PERFORMANCE OF THE UNDERLYING INVESTMENTS, WHICH MAY AFFECT THE VALUE OF THE REFUND YOU RECEIVE.

**I HEREBY ACKNOWLEDGE THAT I READ THE ABOVE "IMPORTANT NOTICE" AND HAVE RECEIVED A COPY OF SAME.**

**Date:** \_\_\_\_\_ **Signature of Applicant:** \_\_\_\_\_

**Date:** \_\_\_\_\_ **Signature of Applicant:** \_\_\_\_\_

# 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.

## Table of Contents

<b>What Is an Annuity?</b> .....	<b>1</b>
When Annuities Start to Make Income Payments .....	1
How Deferred Annuities Are Alike .....	1
How Deferred Annuities Are Different .....	2
<b>How Does the Value of a Deferred Annuity Change?</b> .....	<b>3</b>
Fixed Annuities .....	3
Fixed Indexed Annuities .....	3
<b>What Other Information Should You Consider?</b> .....	<b>4</b>
Fees, Charges, and Adjustments .....	4
How Annuities Make Payments .....	4
How Annuities Are Taxed .....	5
Finding an Annuity That's Right for You .....	6
Questions You Should Ask .....	6
When You Receive Your Annuity Contract .....	7

Table of Contents

## 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.

When You Receive Your Contract