

FEDERAL LIFE INSURANCE COMPANY

Annuity Suitability Training

For Agents Licensed in: AL, AR, AZ, GA, LA, NC, OK, PA and VA

NAIC Suitability in Annuity Transactions (2006 version)

Agents licensed in the states listed above are required to receive **annuity suitability training** from their carrier prior to selling annuities. The information that follows is intended to provide that training.

Your state may also have **Continuing Education (CE) requirements** that must be completed prior to selling annuities. See the chart below for more details.

State	Annuity CE Requirement
AL, AZ, GA, MO, NM, NC, PA, UT, VA	None
CA	8 hours, then 2 hours every 2 years thereafter
AR, CO, IA, ID, IL, IN, KS, KY, LA, MD, MI, MN, MS, NE, NJ, OH, OK, OR, SC, TN, WA, WV, WI	One time 4 hour
FL	3 hours each CE compliance period
TX	4 hours, then 8 hours each license period thereafter

Once you have read through the information that follows and completed your CE requirement (if applicable), **please complete the Annuity Training Certification form** found at the end of this document. **This form must be on file at the Home Office prior to your submitting any annuity applications.**

If you have questions regarding our annuity products, please contact our Marketing Department (800-233-3750, ext. 511) or marketing@federallife.com.

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ANNUITY SUITABILITY TRAINING

For Agents Licensed in: AL, AR, AZ, GA, LA, NC, OK, PA and VA

NAIC Suitability in Annuity Transactions (2006 version)

The following is a summary of the rules regarding suitability in annuity transactions.

- I. An agent may not recommend to a consumer the purchase or exchange of an annuity unless the agent has reasonable grounds to believe that the recommendation is suitable for the consumer on the basis of facts disclosed by the consumer as to his or her investments, other insurance products, and financial situation and needs.
- II. Before making a recommendation, the agent shall make reasonable efforts to obtain information concerning all of the following:
 1. The consumer's financial status.
 2. The consumer's tax status.
 3. The consumer's investment objectives.
 4. Any other information that is reasonably appropriate for determining the suitability of a recommendation to the consumer.

THIS INFORMATION IS TO BE DOCUMENTED ON FEDERAL LIFE FORM L-8163 ANNUITY SUITABILITY QUESTIONNAIRE AND SUBMITTED TO THE HOME OFFICE WITH ALL ANNUITY APPLICATIONS. *Please scroll down to see copy of this form.*
- III. An agent may not make any recommendation or statement misrepresenting or fraudulently or unfairly making incomplete comparisons regarding the terms or conditions of any annuity contract for the purpose of replacing such contract.
- IV. An agent shall maintain records of the information collected from a consumer and other information used in making a recommendation that was the basis for an insurance transaction for
 - Three Years - AL, LA
 - Five Years – AR, AZ, NC, OK, PA
 - Ten Years – GAafter the transaction is completed. *(No time period specified by VA.)*
- V. An agent who violates these rules may be subject to the following:
 1. An order by the Director/Commissioner to take reasonably appropriate corrective action for any consumer harmed by a violation of this section.
 2. Any applicable penalties allowed by law. (The Director/Commissioner may reduce or eliminate the applicable penalty if corrective action for the consumer was taken.)
- VI. An agent will not be in violation of these rules if the consumer does any of the following:
 1. Refuses to provide relevant information requested by the agent.
 2. Fails to provide complete or accurate information.
 3. Decides to enter into an insurance transaction that is not based on a recommendation of the agent.
- VII. An agent who has agents contracted under him/her shall:
 1. train such agents on their responsibilities regarding suitability in annuity transactions and
 2. will conduct periodic reviews of the agents' records in order to assist in detecting and preventing violations of these rules.

FEDERAL LIFE INSURANCE COMPANY

Annuity Suitability Training

CERTIFICATION FORM

For Agents Licensed in: AL, AR, AZ, GA, LA, NC, OK, PA and VA

Once you have read through the Annuity Suitability Training and have completed your CE requirement (*if applicable*), **please complete this form**. The completed form should be sent to the Home Office:

By mail: Federal Life Insurance Company
Attn.: Marketing Administration
3750 W. Deerfield Road
Riverwoods, IL 60015

By email: marketingadmin@federallife.com
By fax: 847-520-7651

This form must be on file at the Home Office prior to your submitting any annuity applications.

-
- I certify that I have read and understand the information presented in Federal Life's Annuity Suitability Training program.
 - I further certify (*if applicable*) that I have completed the annuity continuing education required by the state of _____.
 - I understand that I may not engage in the sale of Federal Life annuities until all training is completed and a signed copy of this form is filed with the Home Office of Federal Life.

Printed name

Signature

Date

ANNUITY SUITABILITY QUESTIONNAIRE

FOR ALL APPLICANTS



Federal Life Insurance Company

3750 West Deerfield Road • Riverwoods, Illinois 60015 • (800) 233-3750

www.federallife.com

Name of Owner/Applicant	Age	Date of Birth
Product Name	Surrender Charge Period	Premium Amount

FINANCIAL SITUATION AND NEEDS

1. Annual Income:

- ☐ \$0-\$24,999 ☐ \$25,000-\$49,999 ☐ \$50,000-\$99,999 ☐ \$100,000-\$249,999
☐ \$250,000-\$499,999 ☐ \$500,000-\$999,999 ☐ \$1,000,000 or higher

2. **Sources of Income** (please enter the **percentage** of your income attributed to each applicable category)
- _____ % Salary _____ % Investments _____ % Retirement Plan/Pension Plan _____ % Social Security
 _____ % Other: _____

3. Federal Tax Bracket:

- ☐ 10% ☐ 15% ☐ 25% ☐ 28% ☐ 33% ☐ 35% or higher

4. Approximate **Net Worth** (Net Worth = Total Assets – Total Debts, excluding mortgages):

- ☐ \$0-\$24,999 ☐ \$25,000-\$49,999 ☐ \$50,000-\$99,999 ☐ \$100,000-\$249,999
☐ \$250,000-\$499,999 ☐ \$500,000-\$999,999 ☐ \$1,000,000 or higher

5. What are the financial resources used for the funding of this annuity? (please select all that apply)

- ☐ Annuity ☐ Life Insurance ☐ Certificate(s) of Deposit
☐ Savings Account ☐ Checking Account ☐ Reverse Mortgage
☐ Home Equity Loan ☐ Other Investments _____

6. What other financial products do you own or have you previously owned? (please select all that apply)

- ☐ None ☐ Certificate(s) of Deposit ☐ Fixed Annuities ☐ Variable Annuities
☐ Stocks/Bonds/Mutual Funds ☐ Reverse Mortgage
☐ Other (please list): _____

7. What is the total amount of your **existing assets**, including investment and life insurance holdings?

- ☐ \$0-\$24,999 ☐ \$25,000-\$49,999 ☐ \$50,000-\$99,999 ☐ \$100,000-\$249,999
☐ \$250,000-\$499,999 ☐ \$500,000-\$999,999 ☐ \$1,000,000 or higher

INTENDED USE OF THIS ANNUITY

8. What are your **financial objective(s)** in purchasing this annuity? (please select all that apply)

- ☐ Growth for Future ☐ Tax Deferral ☐ Save for Emergencies ☐ General Savings
☐ Retirement Income ☐ Estate Planning ☐ Immediate Income ☐ Safety of Principal
☐ Other _____

9. How do you anticipate taking distributions from this annuity? (please select all that apply)

- ☐ Annuitization ☐ Single lump sum ☐ 10% Penalty-Free Withdrawals
☐ Partial Surrenders ☐ Loans ☐ Systematic Interest Withdrawals
☐ Leave to Beneficiary ☐ RMDs ☐ Lifetime Income Payments with Income Benefit Rider

LIQUIDITY NEEDS AND FINANCIAL TIME HORIZON

10. What is your **Liquid Net Worth** *after* the purchase of this annuity? (“Liquid New Worth” means the value of all of your liquid assets, which are assets that could readily convert to cash without imposition of fees or penalties).

- ☐ \$0-\$24,999 ☐ \$25,000-\$49,999 ☐ \$50,000-\$99,999 ☐ \$100,000-\$249,999
☐ \$250,000-\$499,999 ☐ \$500,000-\$999,999 ☐ \$1,000,000 or higher

11. Do you have sufficient available cash, liquid assets, or other sources of income for living expenses, health care, and emergencies after the purchase of this annuity? ☐ Yes ☐ No

12. Do you anticipate any significant changes in your household’s income, living expenses, or liquid assets during the surrender charge period of the annuity being purchased? ☐ Yes ☐ No

(For example, do you expect a reduction in income caused by retirement or pension changes or by an increase in expenses such as housing, medical, nursing home, assisted living, or travel expenses?)

If Yes, please explain: _____

13. How long do you plan to keep this annuity (i.e., what is your financial time horizon)? *(select one)*

- ☐ 1-3 Years ☐ 4-6 Years ☐ 7-9 Years ☐ 10-12 Years ☐ 13-15 Years ☐ 16+ Years

14. When do you anticipate taking your first distribution from this annuity? *(select one)*

- ☐ 1-3 Years ☐ 4-6 Years ☐ 7-9 Years ☐ 10-12 Years ☐ 13-15 Years ☐ 16+ Years

FINANCIAL EXPERIENCE

15. Rate your **investment knowledge** *(select one)*: ☐ Limited ☐ Average ☐ Extensive

16. Rate your **risk tolerance** *(select one)*: ☐ Conservative ☐ Moderate ☐ Aggressive

17. Is this an **exchange or replacement** of an annuity or life contract? ☐ Yes ☐ No

If Yes, please complete the replacement form(s) required by your state.

If No, please skip to Question 18.

18. Do you currently reside in a nursing home or assisted living facility or plan to enter a nursing home or assisted living facility in the next 6 months? ☐ Yes ☐ No

NOTE: This form must be completed, signed, dated, and submitted with the application.
Your application will not be processed without it.

AGENT CERTIFICATION

By signing below, I certify that I have reasonable grounds for believing that my recommendation is suitable based on the facts disclosed in this questionnaire by the owner/applicant regarding their financial situation and needs, investments, and other insurance products. I realize that Federal Life Insurance Company may issue this annuity in reliance on my recommendation.

Agent Signature

Agent Number

Date

OWNER/APPLICANT CERTIFICATION

If you have chosen to provide limited or no information, please check the applicable box:

- ☐ I **refuse** to provide this information at this time.
☐ I have chosen to provide **limited** information at this time.

Please check one box:

- ☐ My annuity purchase **is not** based on the recommendation of this agent or insurer.
☐ My annuity purchase **is based** on the recommendation of this agent or insurer.

By signing below, I certify that:

I have reviewed this Annuity Suitability Questionnaire with my agent and I understand its contents.

I have discussed my current financial and insurance products with my agent before deciding to purchase this annuity.

I understand that if I am exchanging or replacing an existing annuity, I may incur surrender charges/fees and that I may not be able to reinstate the replaced contract; however, I believe this transaction to be in my best interest.

I understand that Federal Life is relying on the information that I have provided in this questionnaire, and I certify that it is complete and accurate to the best of my knowledge.

I have undergone a thorough discussion with my agent regarding the suitability of this annuity, and I certify that it is suitable for my circumstances.

Owner's Signature

Date