

# American Equity's Annuity Guide

An Agent's Reference Tool



Annuity Benefits

Commission Information

Disclosure Statements

Issue Ages



*The one who works for you!*<sup>®</sup>



# Annuity Portfolio Agent's Guide

American Equity prepared this guide as a tool for your use in understanding our annuity portfolio, general contract provisions, administrative procedures, special commission situations and related form requirements. For your convenience, we arranged topics in alphabetical order. Please remember that for detailed contract form specifications, you should consult our Annuity Product Profile form 01PPFI-0001 and individual product forms.

## Annual Statement of Values

We provide a Statement of Values to all Contract Owners once per year, notifying them of their transaction activity and values.

## Commission Adjustments

We reduce commissions on several deferred annuities on older ages of Annuitant or Owner at the time of issue (for Joint Annuitants we use the older age). Amount of the reduction varies by product. See your commission schedule for details.

## Commission Chargebacks

First year Commission is charged back if the Annuitant or Owner dies before the first Contract Anniversary and the Contract Value is paid out in a lump sum. Recovery is prorated 1/12 for each month the Contract is in force. May vary by product. See your commission schedule for details.

## Death Benefit

The Death Benefit will be equal to the greater of the Contract Value or the Minimum Guaranteed Surrender Value. This benefit varies by contract form and is not always guaranteed. See product disclosure for specifications.

## Disclosure Statements

Every application for a deferred annuity must be accompanied by a signed Disclosure statement for that specific contract form. This statement confirms that the applicant understands the Contract he/she is purchasing. The product is not issued until we receive this form.

## Interest Crediting

Fixed interest is compounded and credited daily, resulting in an effective annual yield equal to our stated rates. Index Crediting options may be available and vary by product. Interest credited to the Contract Value is locked-in and cannot be lost due to index volatility.

## Interest Guarantees

All Contracts guarantee the initial rate for at least the first Contract Year. In the case of Flexible Premium Contracts, this guarantee usually applies to the Initial Premium only. The Minimum Guaranteed Interest Rate (MGIR) is the minimum interest credited to the Contract. MGIR may vary by product or state. Please see specific product disclosure for details.

## Issue Ages

Issue ages are generally 18-80 for non-qualified and qualified plans. Age is based on the Annuitant or Owner's last birthday, whichever is older. See the Annuity Product Profile, form 01PPFI-0001 and product disclosure for special state or product variations.

## Lifetime Income Benefit Rider

A Lifetime Income Benefit Rider is available on many of American Equity's products. This rider guarantees a lifetime income that the client cannot outlive without annuitizing the contract. For more details on the Lifetime Income Benefit Rider see form 01PPLIBR-0001.

## Partial Withdrawals

All deferred annuities permit partial withdrawals at any time (subject to applicable Surrender Charges). In certain situations, most Contracts also allow Penalty-free Withdrawals up to a stated maximum amount. Individual contract forms define these limits.

## Penalty-Free Withdrawals

Most Contracts allow some form of partial Penalty-free Withdrawal after the first Contract Anniversary. This generally amounts to 10% of the Contract Value once each year. Any Penalty-free Withdrawal made within 12 months of a Full Surrender may have Surrender Charges recovered. This procedure varies by product. See specific disclosure forms for details. Withdrawals before age 59½ may be subject to federal tax penalties.

## Premium Limits

The minimum premium for most deferred products is \$5,000. See Annuity Product Profile, form 01PPFI-0001, for more specific information. Maximum premiums are graded by age as follows:

\$1,500,000	18-69
\$1,000,000	70-74
\$750,000	75-80
\$500,000	81-85

## Product Training

Product specific training must be completed before you can write an annuity application. The product training modules can be accessed on our website at [www.american-equity.com](http://www.american-equity.com). Please be sure to complete the training questions after viewing the product training modules. Click "submit" to register your training with American Equity.

## Processing New Business

In general, the following forms are required when writing new business:

- Appropriate state application
- Disclosure statement specific to contract form or product
- Any required replacement forms
- Additional qualified plan forms, if applicable
- Suitability Form

**Please Note:** Some states may require additional forms that must be completed at the time of sale. Issue of Annuity Contracts is delayed until all required forms are received by the Home Office.

## Replacement Procedures

Replacement is highly regulated. State Insurance Departments are monitoring these transactions very closely. If your client is replacing an existing contract, be sure the transaction is in the client's best interest. If applicable, remember to fill out any/all required replacement forms.

## Suitability Procedures

American Equity requires a suitability form 4106 with every application in every state and on all ages. For information on American Equity's guidelines on suitability, see form 4071.

# Annuity Portfolio Agent's Guide

## Special Benefit Riders

Special benefit riders provide additional liquidity or other unique benefits to certain Contract Owners.

- NCR-100\*
- TIR-100\*

All riders are subject to various conditions and restrictions regarding issue ages, benefit amounts and eligibility. In addition, they are not available on all Annuity Contracts. For specific details on rider specifications, see form 1001 (Annuity Riders). For information on the availability of these riders on individual products, see form 01PPFI-0001 (Product Profile).

## Systematic Withdrawal

Through our special Systematic Withdrawal service, we process partial withdrawals on a monthly, quarterly, semi-annual or annual mode.

This feature may be used to distribute interest only, a fixed amount, a fixed percentage of the Contract Value or the IRS required minimum distribution amount for qualified plans.

## 1035 Exchange/Direct Transfer

Complete the appropriate American Equity application, disclosure statement, applicable replacement form(s) and form 4003 for 1035 Exchanges or Direct Transfers.

Guarantees are based on the financial strength and claims paying ability of American Equity and are not guaranteed by any bank or insured by the FDIC.

\* Form numbers and availability may vary by state.

## Other Reminders

- On each annuity application, be sure to indicate the contract form (product) for which your client is applying.
- Legibly complete all required information on the annuity application and required disclosure forms.
- Include your American Equity agent number, telephone number and signature with each application. In addition, certain states may require your state license number.
- Not all contracts or riders are approved in every state. Therefore, please verify approval before taking an application.
- American Equity CANNOT accept an agent or agency check for collected premium. The client's check must be made payable to American Equity Investment Life Insurance Company®.
- When the owner of an annuity is other than an individual, i.e., a trust or pension plan, you must submit a copy of the plan document, Certification of Trust Agreement form 4258, Trust Statement of Understanding form 4268, and the Employee Benefit Plan Disclosure Statement. Authorized signatures should be similar to the following example: John Doe, Trustee for ABC Defined Benefit Pension Plan.
- American Equity's deferred annuities act only as funding vehicles for qualified annuity plans. Any administration must be performed by a third-party administrator. American Equity provides only the minimum reporting required by law.



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