

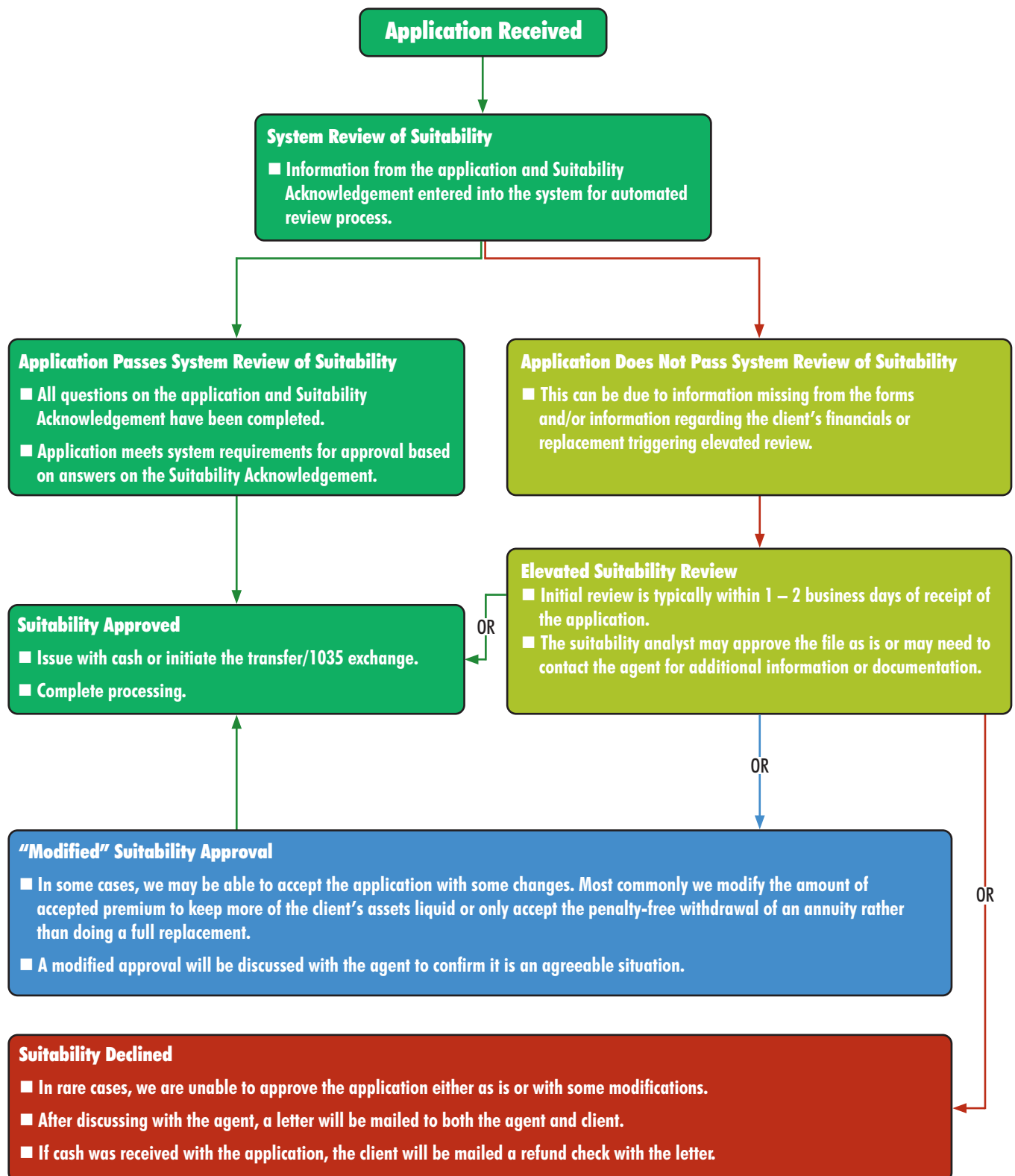
Suitability Guide



The one who works for you!®



Review Process



Most Common Suitability Reviews

Replacements

- Replacements less than three years in force will trigger an elevated suitability review. It is important to be able to document the tangible benefit and what has changed for the client. In most cases we will not accept a replacement of an existing annuity less than three years old if it was funded by a replacement of another annuity.
- Special attention is given when the withdrawal charge on the annuity being replaced is greater than the bonus (if applicable) at American Equity. To assist with the review process, additional documentation of the benefits to the client is recommended.
- American Equity will not accept the replacement of another annuity that is less than one year in force.
- We may request the most recent annual/quarterly statement or inforce illustration for each replacement.
- Items to consider when replacing an existing annuity with an income benefit rider for a new annuity with an income rider are: the existing annuitie's guaranteed rollup rate, the income payout rate and the value of the initial premium of the American Equity annuity, compared to the current income rider value.

Financials

- Liquidity is a key component in a suitability review. While there is not a minimum liquidity requirement, we want to be reasonably assured the client has sufficient liquid assets in the case of an unforeseen event during the surrender period.
- The percentage of investable assets in annuities is considered. If there is a high percentage in annuities, further documentation regarding the annuities and explanation as to how the additional purchase enhances the client's overall plan may be requested.
- While real estate (excluding primary residence) can be included in the net worth, our main consideration is the investable assets and if the client has sufficient liquid assets.
- Special attention is given when a client's income is less than their expenses and additional documentation may be requested.

Other Considerations

- Choose the most important objective(s) for the client and *rank in order of importance*. This helps us paint a picture of what the client is trying to achieve with the annuity purchase.
- Income rider options should match client's financial objectives and plans for accessing money (i.e. when paying a fee for an income rider, we'd expect the client's objectives to include provide lifetime income and the client plans to access rider in the future).
- Please beware every product has a maximum and minimum premium limit based on the age of your client. See our product guidelines on our website.

Potential Business

- For any scenario that you are unsure what American Equity might require to approve suitability, we recommend completing and submitting our Potential Business Form for a suitability pre-screen.
- This can be submitted online from our website www.agent.american-equity.com.

Tips for Completion

Suitability Acknowledgement Form

Knowing the client is both the responsibility of American Equity and the agent. Information provided on the Suitability Acknowledgement form is considered relevant information to determine the suitability of a recommendation, per the NAIC Suitability in Annuity Transactions model regulation.

1. Financial Information

Hint!

If the owner is a non-living entity, complete the financial information based on the entity's finances. The exception to this would be for grantor trusts; in this situation use the financials of the grantor.

Considerations:

Are the client's disposable income, investable assets, and liquid assets indicating a possible immediate or short-term need for access to the funds from this annuity?

1.1 Check if you currently own or have owned any of the following accounts. Then next to each asset, list the current value. If you have no funds in a type of asset, indicate "\$0."

This section aids the Suitability Department in verifying assets and knowing the client's experience with various types of accounts.

Hint!

Investable assets should be reflected as if the funds were already invested in our annuity.

1.2 Total Investable Assets

Total of client's assets including the premium being received at American Equity, spousal assets (if applicable), and excluding personal real estate, automobiles and personal property. Examples of assets to include are:

- Savings accounts
- Checking accounts
- CDs
- Money market accounts
- Stocks/bonds/mutual funds
- Annuities with American Equity & other carriers
- Cash value life insurance
- Real estate other than the client's primary residence
- Retirement accounts not in annuities

If multiple applications are being submitted, the financials provided should be identical on each suitability form.

The image shows a thumbnail of the 'Suitability Acknowledgement' form. The top section includes the American Equity logo and contact information. Below that, there are fields for 'Owner's Name', 'Are you still working?', and 'Owner's Occupation'. The main section is titled '1. FINANCIAL INFORMATION & EXPERIENCE' and contains several sub-sections: 1.1 Check if you currently own or have owned any of the following accounts... 1.2 Total Investable Assets... 1.3 Total Liquid Assets... 1.4 Do you feel you have sufficient liquid assets... 1.5 Check all sources of income that apply:...

1. FINANCIAL INFORMATION & EXPERIENCE

1.1 Check if you currently own or have owned any of the following accounts. Then next to each asset, list the current value. If you have no funds in a type of asset, indicate "\$0". *Considered a liquid asset if funds are non-qualified, or if the funds are qualified and you are over age 59½

- | | |
|--|----------|
| ☐ Annuities with American Equity | \$ _____ |
| ☐ Annuities outside of American Equity | \$ _____ |
| * ☐ Stocks/Bonds/Mutual Funds/ Money Market | \$ _____ |
| * ☐ Certificates of Deposit | \$ _____ |
| * ☐ Savings/Checking | \$ _____ |
| ☐ Life Insurance Cash Value | \$ _____ |
| ☐ Real Estate EXCLUDING PERSONAL RESIDENCE | \$ _____ |
| ☐ Other (please explain) _____ | \$ _____ |

1.2 Total Investable Assets (The total of the assets listed above)
Total of all investable assets including this annuity and any spousal assets (exclude primary residence, automobiles, and personal property). \$ _____

1.3 Total Liquid Assets (Please see (*) above for clarification of liquid assets.)
Checking, savings, money market, mutual funds, CDs, stocks & bonds
DO NOT INCLUDE FUNDS INTENDED TO PURCHASE THIS ANNUITY \$ _____

1.4 Do you feel you have sufficient liquid assets in addition to the money you are using to purchase the American Equity annuity for unforeseen events or emergencies? ☐ Yes ☐ No

1.5 Check all sources of income that apply:

- | | | |
|--|---|--|
| ☐ Current Wages | ☐ Pension/RMDs | ☐ Investment Income |
| ☐ Social Security (retirement) | ☐ Unemployment | ☐ Rental Income |
| ☐ Social Security (disability) | ☐ Alimony and/or Child Support | |
| ☐ Social Security (survivor or dependent) | | |

1.3 Total Liquid Assets

These are assets that can readily be converted to cash:

- Savings accounts
- Checking accounts
- CDs
- Money market accounts
- Stocks/bonds/mutual funds
- Penalty-Free Withdrawals available in existing annuities

Hint!

- If client is younger than 59½, do not include qualified money.
- Do not include funds used for this annuity purchase.
- Any line of credit is not considered a liquid asset or part of client's investable assets.
- Penalty-Free Withdrawals available on existing annuities or annuities that are surrender free can be included in total liquid assets please specify under "other" these assets are penalty/surrender free.
- While other assets, such as gold, may be included in the "other" section and included in the investable assets, we do not include these as liquid assets.

1.5 & 1.6 What are your sources of income and gross monthly household income?

Hint!

Check all applicable sources of income box(es). See example below.

1.5 Check all sources of income that apply:		
☐ Current Wages	☐ Pension/RMDs	☐ Investment Income
☒ Social Security (retirement)	☐ Unemployment	☐ Rental Income
☒ Social Security (disability)	☐ Alimony and/or Child Support	
☐ Social Security (survivor or dependent)		

1.7 What are your current monthly household expenses?

Indicate total monthly expenses for the owner's household. Household means owner and any members residing together. Provide estimated monthly expenses. We understand this can change from month to month.

Considerations:

Does the client's income exceed his/her expenses?

1.9 Do you anticipate a significant decrease in your future income or increase in your future expenses during the Surrender Charge period?

Considerations:

If the answer is yes, does the annuity purchase provide the income needed to fill the gap or does the client need to have more funds liquid?

2. Financial Objectives

2. FINANCIAL OBJECTIVES

2.1 Financial objectives in purchasing this annuity:
(Rank in order your most important objectives in purchasing this annuity)

☐ Preservation of Principal	☐ Income Tax Deferral
☐ Pass on to Beneficiaries	☐ Probate Avoidance
☐ Provide Lifetime Income	☐ Potential Growth followed by Income
☐ Minimum Guaranteed Interest Rate	☐ Immediate Income

2.2 What is your general risk tolerance? Check One

☐ Conservative	- Cautious – do not like to take risk or prefer minimal risk.
☐ Moderate	- Comfortable with exposing some assets to volatility.
☐ Aggressive	- Attempt to achieve maximum returns – take on additional risk.

2.1 Financial Objectives in purchasing this annuity

Hint!

Not all of the financial objectives need to be ranked. Only mark the main objective(s) applicable to the client and rank numerically in order of importance.

Considerations:

Is the client in a better position to achieve his or her financial objectives with the purchase of the annuity, especially when replacing an existing annuity?

3. Future Distribution Needs

3. FUTURE DISTRIBUTION NEEDS

3.1 How long do you plan to keep this annuity? Check One

☐ 1-5 Years ☐ 6-9 Years ☐ 10+ Years

3.2 Check which withdrawal options you anticipate accessing during the life of the contract. Then next to each option you checked, indicate how many years from now you plan to elect using the option.

Options	Number of Years
☐ Penalty-Free Withdrawal	
☐ Annuitization/Income Rider	
☐ Lump Sum	
☐ Required Minimum Distribution	
☐ No current plans to access	

3.1 How long do you plan to keep this annuity?

Considerations:

Does the client's response to this question match up with the surrender period? Would the client have a Surrender Charge to liquidate the annuity in the time frame indicated?

3.2 Check the withdrawal options you anticipate accessing during the life of the contract. Then, next to each option you checked, indicate how many years from now you plan to elect using the option.

Considerations:

Does the client's plans for accessing the annuity align with financial objectives? If the client has elected an income rider with a fee, does the client plan on accessing the annuity using the income rider?

1.6 What is your gross monthly household income? \$ _____/Month

1.7 What are your current monthly household expenses? This includes mortgage, health care, insurance, utilities, etc. \$ _____/Month

1.8 Have you and your advisor considered your combined Federal and State tax bracket with this annuity purchase? ☐ Yes ☐ No

1.9 Do you anticipate a significant decrease in your future income or increase in your future expenses during the Surrender Charge period? If No, please explain: _____ ☐ Yes ☐ No

1.10 Do you currently have a reverse mortgage? ☐ Yes ☐ No

2. FINANCIAL OBJECTIVES

(Rank in order your most important objectives in purchasing this annuity)

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☐ Conservative	- Cautious – do not like to take risk or prefer minimal risk.
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☐ Annuitization/Income Rider	
☐ Lump Sum	
☐ Required Minimum Distribution	
☐ No current plans to access	

4. SOURCE OF FUNDS

4.1 Source of funds to purchase this annuity. Check all that apply.

☐ Variable Annuity	☐ Fixed Annuity	☐ Indexed Annuity	☐ Life Insurance
☐ CDs	☐ Mutual Funds	☐ Inheritance	☐ Reverse Mortgage
☐ 401K/Roth IRA	☐ Retirement Plan	☐ Inherited IRA	☐ Money Market
☐ Savings/Checking	☐ Death Proceeds from Life Insurance	☐ Other	
☐ Stock/Bonds/Brokerage Account	☐ Special Contribution		

5. Replacement Information

5. REPLACEMENT INFORMATION*

5.1 Are you using funds from an existing life insurance policy or annuity contract to fund this annuity? ☐ Yes ☐ No

5.1 Are you using funds from an existing life insurance policy or annuity contract to fund this annuity?

If the answer is yes, complete the replacement information requested for each replacement. If the application includes more than three replacements, you may include additional copies of this page of the Suitability Acknowledgement.

Hint!

- If the replacement is a variable annuity, surrender percentages can be found on a current prospectus if not provided on the statement.
- **For all replacements, it is encouraged to include all pages of the most recent statement.** Applications without statements for replacements or information on the statement being substantially different than on the Suitability Acknowledgement may cause a delay in the processing of the application.

Considerations:

- How does the annuity purchase better meet the client's financial objectives? Has the client's situation or objectives changed since purchasing the original annuity?
- What are the positive and negative aspects associated with the replacement? For example, consider for each contract the Surrender Charges, accessibility to funds, income or death benefit riders, fees and caps/rates on interest crediting strategies.

5. REPLACEMENT INFORMATION*			
5.1 Are you using funds from an existing life insurance policy or annuity contract to fund this annuity? ☐ Yes ☐ No			
*We may require the most recent annual or quarterly statement in addition to the information below for all full withdrawals and partial withdrawals other than the penalty-free amount. If you are purchasing a SPA, also include a copy of the annuitization quote for the same payout option from the company you are replacing.			
	Replacement 1	Replacement 2	Replacement 3
Contract Number			
Company	/ / /	/ / /	/ / /
Issue Date	/ /	/ /	/ /
Initial Premium	\$	\$	\$
Product Type	☐ Variable ☐ Fixed ☐ Indexed ☐ Life Insurance	☐ Variable ☐ Fixed ☐ Indexed ☐ Life Insurance	☐ Variable ☐ Fixed ☐ Indexed ☐ Life Insurance
Withdrawal Type	☐ Full ☐ Partial	☐ Full ☐ Partial	☐ Full ☐ Partial
Surrender Charge	\$	\$	\$
Value including Bonus Payments, Jinks, and Surrender Charge	\$	\$	\$
Current Value	\$	\$	\$
Surrender Value	\$	\$	\$
Income Benefit	\$	\$	\$
Death Benefit	\$	\$	\$
Reasons for Replacing	☐ Reduction of fees ☐ Eliminate existing income benefit rider with new income benefit rider that better meets my current and future needs ☐ Better selection of interest rates ☐ Bonus increases my contract value and death benefit value on Day 1 ☐ Other	☐ Reduction of fees ☐ Eliminate existing income benefit rider with new income benefit rider that better meets my current and future needs ☐ Better selection of interest rates ☐ Bonus increases my contract value and death benefit value on Day 1 ☐ Other	☐ Reduction of fees ☐ Eliminate existing income benefit rider with new income benefit rider that better meets my current and future needs ☐ Better selection of interest rates ☐ Bonus increases my contract value and death benefit value on Day 1 ☐ Other
Are you the original contract owner?	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No

American Equity

Commitment to Values

Service

Our contract owners are why we are here, and we do our best to provide service, second to none, every day.

Integrity

Our values of honesty, fairness and truthfulness have been central to our past success and will continue to be for generations to come.

Excellence

Our dedication to going above and beyond in every facet of our business has established us as a top-tier fixed index annuity provider.

Safety

Our products provide Sleep Insurance® for contract owners that can trust their principal is protected and their income is guaranteed for life.



American Equity Investment Life Insurance Company®
6000 Westown Pkwy, West Des Moines, IA 50266

www.american-equity.com • Call us at 888-221-1234