



National Life Insurance Company®  
Life Insurance Company of the Southwest™

Navigating a  
**Smooth Ride**  
Through  
**Annuity Suitability**



**With more and more people steering toward retirement through rough roads, it's likely that their plans for saving include purchasing an annuity. With guarantees of principal, interest and lifetime income, traditional fixed and fixed indexed annuities offer a safe, conservative path to reach retirement goals.**

However, the conservative characteristics of our traditional fixed and fixed indexed annuities alone are not enough to ensure they are the right product for someone at any specific point in their journey to retirement. That's where suitability comes in.

Suitability refers to the determination of whether an annuity sale and, more specifically, the reasons behind the annuity sale, are reasonable given the applicant's individual needs, financial objectives and life circumstances.

We have a long history of integrity and an emphasis on ensuring that sales of our policies are suitable for helping to meet the needs of our policyholders. Reaffirming our commitment, we have implemented an enhanced annuity suitability review process – one in which you play an important role.

The following chart maps out some general guidelines for navigating the annuity suitability process for policies issued by LSW or National Life. Please keep in mind that this guidance is only general in nature. Following these guidelines will expedite the review of the form, but does not guarantee the suitability of a particular sale.

Open Road	Possible Detour	Road Block
All answers on the suitability form and annuity application have been completed.	An incomplete suitability form will delay processing. This is a roadblock if you don't provide completed information when requested.	Surrender charge on the policy being exchanged is excessive, and additional benefits in the new product are not sufficient to justify the charge.
A detailed, well-supported reason for a replacement is provided in Question 10.	Financial information not provided.	Answers on the form suggest that the product does not meet the applicant's financial needs and objectives.
Reasons for purchase match the applicant's needs and objectives.	Information on product/rider application or suitability form doesn't match information received from company whose product is being replaced.	The applicant requires a withdrawal in the first policy year,* or more than 10% of the account value during any one or more years of the withdrawal charge period.
The applicant wants features in the new product that aren't available in his or her current product(s).	The policy is being purchased only for the additional interest crediting or Bonus Accumulation Value.	The applicant's investment objective for this product is aggressive.
	Vague or inconsistent replacement explanation.	The applicant has a history of exchanging annuities within a few years of purchase.
	Annuity suitability submissions by an agent show a pattern of applicants declining to provide financial information.	The transaction will replace an indexed annuity that is close to its annual interest crediting date.
		Applicant refuses to provide or sign the suitability form.

\* Does not apply to *SecurePlus Premier 3* and *SecurePlus Premier 8*.

# Your Role as an Agent

You are on the front line in assuring that an annuity is a suitable purchase for an applicant. To ensure a smooth ride through the suitability process, there are a few things you can do to keep your annuity applications in the processing fast lane:

- Always keep your applicants' needs first and offer the product that best matches his or her objectives.
- Don't try to sell all of your applicants the same products, concepts, riders, etc. Each applicant should be considered individually and offered an appropriate solution for his or her needs.

- Clearly document the reasons behind your product recommendations for each applicant, especially if the transaction involves replacement of another annuity or life insurance product.
- Be sure the applicant understands both the advantages and the disadvantages (surrender charges, fees, lost benefits, etc.) of any replacement.
- Be sure all questions are answered completely and accurately on the suitability form and annuity application.

If one of your applications is selected for suitability review and you are contacted for additional information, please respond promptly and provide as much detail as possible.

## Quick Reference Guide

### The Suitability Review Process

- See [chart](#) for situations requiring suitability forms.
- On transactions that include an exchange or replacement, we will not initiate the replacement process until the suitability review has been completed.
- All annuity applications and suitability forms are initially screened in New Business.
- Incomplete applications or forms will be held in New Business pending receipt of missing information. Please refer to the LSW website for pending requirements.
- Accurate and complete applications and forms will be submitted immediately. Any applications that don't meet our internal standards for suitability will be routed for suitability review.
- All applications for individuals age 65 and older will be automatically reviewed by the suitability department. Additional applications will be randomly chosen for suitability department review. Other applications may be reviewed depending on the answers and combination of answers provided on the suitability form.
- All applications that are flagged will be initially reviewed within 48 hours by the suitability review department. We may require additional time and/or information to make a determination of suitability and complete the review.
- To obtain additional information, we may attempt to contact the agent first by email and then by phone (please be sure we have your current email address and phone number). We may contact the applicant if we are unable to reach you.

- If you are contacted for additional information or clarification to help us determine the suitability of a sale, the additional information must be signed by the applicant in writing and submitted by mail or fax within 15 business days.
- If application requirements are not resolved, or requested information is not provided to us within 15 business days, the transaction will be cancelled, the file will be closed, you and the applicant will be notified and any money received will be returned.
- If deemed unsuitable, the transaction will be cancelled, the file will be closed, you and the applicant will be notified and any money received will be returned.

### Filling Out the Suitability Form

The suitability form should be completed with the applicant during your fact finding process and signed at the point of sale. It is your responsibility to complete all the questions including information about the source(s) of the money being used to purchase the new annuity. Please contact the Annuity Sales Desk at 800-906-3310 to confirm we have your correct email address and phone number. You may also update your information on the company website.

The following information will help you correctly complete the annuity suitability form.

## Section I – Information About You

- The daytime phone number needs to be one where the applicant can be easily reached if necessary.
- If the applicant is retired, please list the last occupation prior to retirement.

## Section II – Financial Information

- All amounts can be approximate.
- Liquid net worth should equal the total of Question 3.
- If the applicant declines to provide the requested financial information, the box must be checked and the line initialed by the applicant (please note that not providing financial information may delay processing of the application). **Even if an applicant declines to provide the requested financial information, all other sections of the suitability form must be completed.**
- Please keep in mind that declinations to provide financial information will be tracked by agent. Too many declinations may prompt a review of all applications and a further discussion with the agent.

## Section III – Information About Your Transaction

- Provide the name of the new annuity being purchased – the suitability form will be separated from the application.
- In the Time Horizon section the applicant must indicate within how many years he or she will need to begin taking money out of the policy.
- The source of the money being used to purchase the new annuity must be indicated. Please note all sources. If more than two sources, please provide the requested information on a separate sheet of paper and submit it with the suitability form.
- All details about the money source must be completed.
- Lifetime withdrawal benefit should be checked if the products being replaced have a lifetime income benefit rider – even if the applicant is not currently receiving income from the rider.
- An explanation is required for any replacement – simply checking the box is not sufficient. If additional space is needed, please use a separate sheet of paper and submit it with the suitability form.
- Identify if the annuity is being used in an employer-, private- or government-sponsored plan by checking the appropriate box.

## Section IV – Investment Profile

- Experience is based on the length of time the applicant has had experience with or knowledge of various

types of investments, regardless of whether or not the applicant currently owns that type of product. For example, if an applicant purchased his or her first mutual fund 20 years ago, but sold the mutual fund 5 years ago, you would check the “6 to 15 years” box.

- In determining the applicant’s risk tolerance in general and for this annuity purchase, use the following guidelines for selecting the appropriate check box:
  - 1 – applicant cannot tolerate any loss of premiums paid or interest credited.
  - 2 – applicant cannot tolerate any loss; however, one or more years with little or no interest are acceptable.
  - 3 – applicant seeks substantial market gains and is willing to lose premiums paid or interest previously credited.
- Indicating the objective of the purchase allows the suitability specialist to determine if the correct mix of product and rider has been sold.

## Section V – I Understand My New Fixed or Indexed Annuity

- Applicant must initial all statements.
- Statements ensure the applicant is aware of the accessibility of his or her money, mechanics of the policy, and any potential consequences of a transfer.

## Signature Block

- The owner and the agent must sign the form.
- If the owner and annuitant are different, both must sign.
- If joint owner spouses, both must sign.
- Any non-spouse joint owner situations require separate forms.

**Please remember, all questions must be answered, checked or initialed, before the suitability process will begin. Even if the applicant refuses to provide the requested financial information, all other sections must be completed.**

## Questions?

If you have questions about the annuity suitability form, please call the Annuity Sales Desk at 800-906-3310.

For status on submitted business, please visit [www.lifeofsouthwest.com](http://www.lifeofsouthwest.com). For questions regarding items not found on the website, call Agent Services at 800-228-4579.