

This user guide will help you and your clients to determine if the annuity product being applied for meets their financial needs and objectives, as of the date of application. **Failure to provide the required information will cause delays and possible rejection of the application.** Please note that EquiTrust is paying particular attention to replacement activity involving contracts under three years old. Additional questions may arise and you may see an increase in declined applications for this reason.

Needs analysis begins when you meet your clients and should continue throughout your relationship. **You have a responsibility to know your customers.** Included in this responsibility is the obligation to ensure all products sold meet the individual needs of Owner/Applicants and their personal objectives and financial needs. You are required to make reasonable efforts to obtain information concerning the Owner/Applicants' financial and tax status, investment objectives, and other information considered reasonable in making a recommendation to clients. To do this:

1. Ensure that the information provided **by clients** on the Needs Analysis form is complete and accurate to the best of your knowledge.
2. Review all the information and materials provided.
3. Keep detailed and accurate records.
4. Do not give tax or legal advice. If questions arise, encourage the consumer to seek professional advice.

The Financial Needs Analysis form is required and the information must be provided for review. Should any clients choose not to provide information, they may sign and submit (in their own writing) additional details specific to their situational needs, but the company may still elect to not issue the contracts for which they are applying.

Section 1 – General Information

Owner/Applicant Full Name	Social Security or Tax ID #	Date of Birth / /	Age
Joint Owner/Applicant Full Name	Social Security or Tax ID #	Date of Birth / /	Age

Source of Funds – Questions 1 and 2: (If replacing or funding with an existing life insurance or annuity contract) – **Complete the Disclosure and Comparison of Products, form no. ET-2506A, as well as any state-required replacement forms.** When completing the Disclosure and Comparison of Products, it is very important to discuss with the client the comparison of benefits and features between the new annuity and the annuity being replaced. Point out features that will be gained or lost due to the replacement and determine that any features not present on the new contract are no longer needed or desired by the client. **This should be explained in detail in the space provided.**

<p>Considerations: Will surrender charges apply to the existing contract?</p> <p>Will this be considered a “financed purchase”?</p>	<p>Points to Be Emphasized, Further Explained and Discussed in Detail: Discuss both positive and negative aspects associated with a replacement, such as surrender charges to be incurred and associated with the proposed product, access to funds (amount and time period associated with liquidity features) and ensure the consumer discusses with a tax advisor, if the situation warrants.</p> <p>Discuss with clients because financed purchases are situations where the values of one life insurance policy or annuity contract are used, through loans or cash values, to purchase a new policy or contract. The cash value of the existing policy/contract may be depleted to pay the premiums of the new contract. New contracts may exceed the dividend stream or cash value of the new contract.</p>
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<p>Do the benefits of the replacement outweigh the disadvantages? Consider alternatives that may better meet the consumer's needs.</p>	<p>Possible benefits: Current mortality table; extended maturity; flexible versus single premium; features available; death benefit flexibility; consolidation of contracts; rate of return potential; tax efficiency; enhanced contract performance; cash value benefits; interest rates; Company ratings.</p> <p>Possible Disadvantages: Surrender charges may apply to the new product in addition to the old contract; if existing cash values are used to fund new coverage, the existing policy will not accumulate value as originally expected; adverse tax consequences; differences in coverage or features; interest rates (current and guaranteed).</p>
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Please refer to our Business Guidelines for further information about the Company's policy on replacements.

Question 3 – If question 3 is answered yes, please complete form ET-Trust-2502, provide a copy of the Trust Agreement and refer to our Business Guidelines for additional information.

<p>Considerations: Impacts of a non-natural owner on this annuity in relation to the objectives of the trustee.</p>	<p>Points to Be Emphasized, Further Explained and Discussed in Detail:</p> <ul style="list-style-type: none"> • Consult a tax or legal professional to discuss the details of trust ownership.
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NOTE: Be sure page 1 is initialed and page 2 is signed appropriately by all parties.

Section 2 – Financial Profile: Financial information is needed so that the Company may complete its suitability review as required by law. If you elect not to provide at least estimated or anticipated information, please be advised the Company may elect not to issue the annuity contract. This also applies to trust ownership and assets of the trust. Answers such as "N/A" or "0" are not accepted and will require further explanation.

Question 1 - In order to determine the suitability of the annuity applied for, please provide the following information to the best of your ability. If the annuity will be owned by a trust, please use the assets of the trust in answering these questions.

Annual Household Income: _____

Source of Income: _____

Annual Household Expenses: _____

Liquid Assets*: _____

* Liquid Assets includes the value of financial assets that can readily be converted into their cash equivalent without loss of principal, such as checking/savings accounts, stocks, bonds or CD's. **It does NOT include real estate, or the funds being used to purchase this annuity.**

Question 2 - What is your Net Worth?

<p>Considerations:</p> <p>The age of the Owner/Applicant should be considered carefully in any Needs Analysis review to ensure contract features that are impacted by age are discussed thoroughly.</p> <p>Household income should be sufficient to meet ongoing daily expenses.</p> <p>Liquid Assets should be assets that can readily be converted into cash. It should not include real estate or equity in real estate.</p> <p>Net worth should include liquid net worth and all other assets including real estate.</p>	<p>Points to Be Emphasized, Further Explained and Discussed in Detail:</p> <ul style="list-style-type: none"> • Surrender Charges • Market Value Adjustment features of contract • IRS penalties for surrenders prior to age 59 ½ • Partial surrender features of contract • Nursing home waiver features, if applicable
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Question 3 – Are you aware that the fixed annuity contract for which you are applying may be a long-term contract with substantial penalties for early withdrawal?

<p>Considerations:</p> <p>Is the combination of the Owner/Applicant’s annual income, net worth, and source of funds indicating a possible immediate or short-term need for use of these funds?</p> <p>Is an excessive amount of the Owner/Applicant’s portfolio being invested in one product?</p>	<p>Points to Be Emphasized, Further Explained and Discussed in Detail:</p> <ul style="list-style-type: none"> • Surrender charges • Market value adjustment features of the contract • IRS penalties for surrenders prior to age 59 ½ • Partial surrender features of the contract • Nursing home waiver features, if applicable
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Question 4 - What is the financial time horizon in which you will need access to the funds being placed in this annuity?

Question 5 - In relation to the liquidity time frames shown in response to question 4, what are your anticipated liquidity needs?

<p>Considerations:</p> <p>Do liquidity needs and timeline correspond to the surrender charge period of the annuity?</p>	<p>Points to Be Emphasized, Further Explained and Discussed in Detail:</p> <ul style="list-style-type: none"> • Surrender Charges • Market Value Adjustment features of contract • IRS penalties for surrenders prior to age 59 ½ • Partial surrender features of contract • Nursing home waiver features, if applicable
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Question 6 - Do you have an emergency fund for unexpected expenses? This question must be answered.

<p>Considerations:</p> <p>Does the Owner/Applicant anticipate the need for use of these funds in the immediate or near future?</p> <p>What is the length of time the Owner/Applicant intends to leave the funds in the contract?</p>	<p>Points to Be Emphasized, Further Explained and Discussed in Detail:</p> <ul style="list-style-type: none"> • Surrender charges • Market value adjustment features of the contract • IRS penalties for surrenders prior to age 59½ • Partial surrender features of the contract • Nursing home waiver features, if applicable
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Question 7 - Considering your financial and tax status, which investment objective(s) does this product fulfill?

Question 8 – Please indicate your willingness to accept financial risk. If the client’s objective isn’t listed, please write the objective on the form to avoid any delays in our review process.

<p>Considerations:</p> <ul style="list-style-type: none"> • Surrender charges • Net worth • Tax bracket • Annuity experience • Total value of investments <p>Willingness to Accept Risk:</p> <ul style="list-style-type: none"> • Conservative - willing to accept only minimal volatility with the funds • Moderate - willing to accept some volatility with the funds • Aggressive - willing to accept greater volatility with the funds <p>Primary Objective:</p> <ul style="list-style-type: none"> • Tax Deferral • Income • Growth • Estate Planning • Preservation of Principal 	<p>Points to Be Emphasized, Further Explained and Discussed in Detail:</p> <p>Consider whether the investment is appropriate in light of the client's need for access to and use of funds.</p> <p>Explore the reasons to put a certain percentage of the client's net worth into one product.</p> <p>Clients with a diverse portfolio and /or higher total value of investments may be better able to understand the features of the contract.</p> <p>Consider the client's need for diversification and tolerance for short-term volatility.</p> <p>Qualified plans are already tax deferred and the client's may need to consider other features of the contract.</p> <p>Explore the liquidity features of the product applied for to ensure the product features match the goals of the clients. Desire for an income stream with the possibility of some growth to hedge against inflation or any indication that the clients has an immediate or short-term need for use of the funds requires further discussion.</p>
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Question 9 - What is your financial experience?

<p>Considerations:</p> <p>Does the client have a past history of investment experience?</p> <p>Does the client have a diverse portfolio of current assets?</p>	<p>Points to Be Emphasized, Further Explained and Discussed in Detail:</p> <ul style="list-style-type: none"> • Explore the reasons to put a certain percentage of the client's assets into this product • Clients with a diverse portfolio and/or past financial history and/or higher total value of investments may be better able to understand the features of the contract • Consider the client's need for diversification and tolerance for volatility
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Question 10 - Combined state and federal tax bracket? Answer should include federal tax bracket plus state tax bracket.

<p>Considerations:</p> <p>Is client's reported tax bracket consistent with income? If not, provide additional supporting information.</p> <p>Do objectives include tax deferral?</p>	<p>Points to Be Emphasized, Further Explained and Discussed in Detail:</p> <ul style="list-style-type: none"> • Qualified plans are already tax deferred and the client may need to consider other features of the contract
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The information provided here will allow clients and agents to determine if the annuity product being applied for meets the client's current financial needs and objectives. If requested information is not provided, please be advised that the Company may elect to return the application and not issue the annuity contract.