

ANNUITY SUITABILITY AGENT USER GUIDE

EquiTrust Life Insurance Company®

7100 Westown Parkway, Suite 200
West Des Moines, Iowa 50266-2521
(866) 598-3692 Fax: (515) 226-5102
www.EquiTrust.com

Mailing Address: PO Box 14500
Des Moines, Iowa 50306-3500

EquiTrust is committed to meeting the needs of your clients through appropriate annuity sales. All recommendations for the purchase or exchange of an annuity product should be in the best interest of the customer based on the information known by you at the time the recommendation is made. Prior to making a recommendation, you must make a reasonable effort to obtain all relevant information from your customers regarding their financial needs and objectives.

The Company has developed an oversight program reasonably designed to be in alignment with the National Association of Insurance Commissioners (NAIC) Suitability in Annuity Transactions model regulation.

EquiTrust has a process to confirm the customer profile information by sending a letter to each customer containing their responses on the Financial Needs Analysis form. In addition, your clients should be aware that EquiTrust will randomly make phone calls to selected applicants to confirm the customer's understanding of product features, benefits, and disadvantages. See "Suitability Calls" section for more information.

Best Interest Revision to the Annuity Suitability Model

You have an important job in assisting your clients with determining the product(s) that are appropriate for them. State regulations and your obligations to your client, require you to gather enough information to make a recommendation that is in their best interest. Uncovering information about your client's financial situation means more than asking how much they earn each year and how much money is "in the bank." It's important to understand your client's lifestyle, recent or upcoming life events (divorce, marriage, college tuition, retirement and planned medical expenses, etc.), financial experience, taxes owed, income needs (income compared to expenses), time horizon and liquid assets outside of this annuity or other annuities already owned. This information will assist you in completing this critical task.

On February 13, 2020, the National Association of Insurance Commissioners ("NAIC") adopted revisions to its Suitability in Annuity Transactions Model Regulation (#275) that impose a higher best interest standard of care for annuity sales. This Model Law requires financial professionals to act in the best interest of the consumer without putting the financial professional's or insurer's financial interest ahead of the consumer. Best interest means setting aside any personal beliefs or biases and always working for the good of the consumer. The new rule consists of four core obligations: Care, Disclosure, Conflict of Interest and Documentation.

Care Obligation

When making a recommendation to a customer, you must act in the best interest of the customer at the time the recommendation is made, without placing your financial interest ahead of the interests of the customer. When recommending an annuity, you must exercise prudent diligence, care, and skill to have a reasonable basis to believe a recommended annuity effectively addresses the consumer's financial situation, insurance needs and financial objectives. You must gather and consider additional information when completing a "customer profile" form. Our Financial Needs Analysis form is designed to assist you in collecting information relevant to the purchase of an EquiTrust annuity. At a minimum, you must collect:

- age
- annual income
- financial situation and needs including debts and other obligations
- financial experience
- insurance needs
- financial objectives
- intended use of the annuity

financial time horizon
existing assets
liquidity needs
liquid net worth
risk tolerance - including a willingness to accept non-guaranteed elements in the annuity
financial resources used to fund the annuity
tax status

Disclosure Obligation

You must prominently disclose to the customer a description of the scope and terms of your relationship with customer. This includes a description of the sources and types of cash and non-cash compensation you will receive for completing this transaction and any material conflicts of interest. The NAIC model regulation also requires notice of the consumer's right to request additional information regarding cash compensation.

Conflict of Interest Obligation

Under the revised NAIC model regulation, you must identify and avoid or reasonably manage and disclose material conflicts of interest. Material conflicts of interest include a financial interest that a reasonable person would expect to influence the impartiality of a recommendation but does not include cash or non-cash compensation.

Documentation Obligation

At the time of solicitation, you must document any recommendation and its basis in writing. If the customer refuses to provide the customer profile information, the financial professional must obtain a statement signed by the customer that documents their refusal. Furthermore, if the customer decides to buy an annuity that is not based on your recommendation, you must obtain a statement signed by the customer acknowledging this. *Please note that EquiTrust will not accept an application for annuity purchase absent consumer profile information or not recommended by you.*

Your Duties as a Producer

A producer, when making a recommendation of an annuity, should act in the best interest of the consumer under the circumstances known during the time the recommendation is made, without placing your or EquiTrust's financial interest ahead of the customer's interest. Acting in the best interest of the customer means you have satisfied the obligations regarding care, disclosure, conflict of interest and documentation. In addition, you are responsible for knowing and following EquiTrust's best interest guidelines and complying with any state specific deviations as it applies to the recommendations of an annuity product. EquiTrust requires you to make every reasonable effort to present clients with the necessary information to make well-informed decisions relating to the purchase, exchange, or replacement of any annuity product.

Every recommendation that is made must be in the best interest of the customer. A decision to recommend an annuity should be based on an analysis of all information gathered from the customer. The information obtained should provide a full and accurate picture of the customer's individual needs, financial status and financial objectives. Annuities can be a valuable component of a customer's retirement portfolio, but they may not be right for everyone. A determination must be made whether the customer has sufficient income, liquid assets and emergency reserves to reasonably pay current and anticipated living expenses after purchasing the proposed annuity.

The customer profile information is gathered on the Financial Needs Analysis form (form number ET-2506, may vary by state). This form acknowledges your review of the product-specific disclosure statement, provides a method for collecting and communicating customer suitability information and acknowledges the suitability of your recommendation. Complete and accurate client information ensures that appropriate documentation exists to support the recommended annuity transaction. This information includes, but is not limited to personal situations,

financial information/status, financial objectives, source of funds, etc. If the client refuses or is unable to provide requested information or you do not recommend the transaction, EquiTrust is unable to issue the contract.

Best practices

- Know the products you are offering and how they can meet your clients' unique financial situation and objectives.
- The customer should understand the annuity product features, benefits and detriments.
- Provide clients with relevant and appropriate information so they can make informed decisions.
- Make sure you comply with all applicable best interest and replacement regulations.
- Document conversations with customers to include why you recommended specific products.
- Maintain documentation in each customer's file for future reference. EquiTrust strongly recommends that you retain all suitability information in a client file for as long as the contract remains in force.
- Know and apply the definition of replacement (see page 4 of the Suitability Guide). **Be certain to disclose if a replacement is involved, this is required by law.**
- Thoroughly evaluate and discuss the circumstances of all replacements with clients to help them make decisions that match their financial needs and objectives.
- Ensure the required replacement notice is given to clients and signed and dated to match the respective application.

Although there are no "right" or "wrong" questions to ask customers, below is a list of sample questions you may find helpful during the customer profile gathering and analysis stage:

- What is their current stage of life?
 - Are they employed and accumulating assets?
 - Are they retired with assets that provide income?
 - Are they in transition with uncertainty about changes in income and/or expenses?
- What are their main financial objectives or concerns?
- Why isn't the client's current plan meeting their financial objective or concern?
- How will the purchase of an annuity help address this financial objective or concern?
- Will the clients have adequate liquid assets/income for current and future needs?
- Do the clients understand how annuities work and the associated surrender period/charges?
- If your clients were your close friend or relatives with similar needs and objectives, would you make the same recommendations?

Additional questions to consider if a replacement is involved:

- Are replacements of current contracts beneficial to your clients? Consider surrender charge periods, rates, riders, benefits, etc.
- Will there be surrender or withdrawal charges associated with replacements?
- If surrender charges apply with replacements, will the benefits of new contracts justify incurring surrender charges on the existing contracts and/or starting new surrender charge periods?
- Do the existing contracts have features or benefits not available with new contracts?
- Do the new contracts have features or benefits not available with existing contracts?
- Are clients taking income payments, interest withdrawals, required minimum distributions, or 72(t)/(q) distributions from existing contracts? If so, how will these issues be addressed with respect to the new contracts?

Agent Training

EquiTrust requires that agents be familiar with our annuity products, Annuity Suitability Standards and Business Guidelines. Annually, you are required to review the Annuity Suitability Agent Guide and our Business Guidelines.

Prior to recommending the purchase of an annuity product, you must have adequate knowledge of the product to recommend the sale. Certified completion of EquiTrust-provided product training is required prior to solicitation.

You must complete all additional training courses required by state or federal law or regulation and submit proof to EquiTrust of completion prior to solicitation.

EquiTrust will offer other product-specific and sales training on the EquiTrust Agent Website or in some other manner, where appropriate. There is no charge for this training. Updates and enhancements to EquiTrust products may require additional training.

Internal Annuity Best Interest Review Guidelines

EquiTrust will review the Financial Needs Analysis form, and corresponding Disclosure and Comparison form, for each recommendation prior to issuance of an annuity, to determine there is a reasonable basis that the recommended annuity would effectively address the customer's financial situation, insurance needs and financial objectives.

Your responsibility to make a recommendation in the best interest of the customer does not end with completing our Financial Needs Analysis form. There may be situations in which EquiTrust will seek additional information and require a letter signed by the client to proceed with the Financial Needs Analysis review. These situations include, but are not limited to:

- Clients have minimal liquid assets set aside for emergencies.
- Better growth potential being the only reason for replacement without providing additional information such as the interest rate, cap, or participation rate on the proposed replaced contract.
- Clients' expenses are greater than their income.
- Clients are replacing annuities and forfeit income riders with higher values than the surrender values.
- Clients are replacing contracts with higher death benefit values.
- The reason to transfer assets from another carrier to EquiTrust are unclear based on the information provided.
- Clients have a high concentration of assets in annuities.

EquiTrust will automatically decline applications that include, but are not limited, to the following:

- Clients who reside in nursing homes (note: prohibition does not apply to Bridge Index Annuity with Long-Term Care Rider).
- Annuity purchases funded by a reverse mortgage.
- Source of funding is a home equity loan.
- Clients are left with little to no liquid assets for emergencies.
- High concentration of clients' net worth is in annuities.
- The replacement or exchange of an annuity that requires the insured to pay a surrender charge for the annuity being replaced or exchanged if the replacement or exchange does not confer a substantial financial benefit.
- Suitability call with customer indicates a lack of awareness about the sales transaction in general.
- Intent of the sales is to qualify for Medicaid or Veteran's Administration benefits.
- Inconsistent information received from you or the customer on the documentation submitted.
- Undisclosed replacements.
- Replacement of annuities issued within the preceding 36 months (note: prohibition does not apply to Bridge Index Annuity with Long-Term Care Rider).
- Incomplete or insufficient information to support sales recommendations.
- Any sales that EquiTrust determines to not meet company guidelines.

Suitability Calls

EquiTrust conducts suitability calls to randomly selected applicants before the annuity contract is issued. Calls consist of a short phone interview to confirm the customer's understanding of product features, benefits, and disadvantages associated with the annuity purchase. Be sure to provide current phone numbers for your clients on applications and let them know that EquiTrust may be contacting them to ask a few questions about the annuity purchase. If your clients are unavailable during certain times, please make note of this on the application in Section G.

Replacements

A replacement, as defined by the Replacement Model Regulation, is a transaction in which a new policy or contract is to be purchased, and it is known or should be known to the proposing agent, or to the proposing insurer if there is no agent, that by reason of the transaction, an existing policy or contract has been or is to be:

- Lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer or otherwise terminated.
- Converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of nonforfeiture benefits or other policy values.
- Amended to the effect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid.
- Reissued with any reduction in cash value; or
- Used in a financed purchase.

Carefully consider if the replacement will be in the best interest of the customer by ensuring your customers understand the advantages, disadvantages, and potential impact of replacements. You will also be required to complete the product specific version of the Disclosure and Comparison form (ET-4901 or state specific variation). EquiTrust will review the appropriateness of each replacement transaction by considering the cost and benefits of the current and proposed annuity as listed on our Disclosure and Comparison form.

Additional information regarding replacements can be found in the Business Guidelines document, located on the Agent Website.

COMPLETING THE FINANCIAL NEEDS ANALYSIS FORM

The Financial Needs Analysis form (form ET-2506) must be completed in its entirety and signed by the applicant and by you when selling any of our annuity products. This requirement applies to clients of all ages, and the form must be submitted with the application in order for the entire application package to be reviewed or the contracts can be issued. You are required to make reasonable efforts to obtain information concerning the Owner/Applicants' financial and tax status, investment objectives, and other reasonable information before making a recommendation to your clients. To do this:

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

Any change made to the form after it is submitted must be initialed and dated by the Owner(s) of the proposed Contract. EquiTrust does not accept forms with corrections containing "whiteout."

Owner/Applicant

Complete the form based on the owner's information. If the owner of the contract is a trust or entity, use the assets and objectives of the trust or entity. If the contract is UGMA/UTMA owned, complete the form based on the donor's information. For joint owners who are spouses provide the household financial information. In this section, please document the age and employment status of the customer.

Financial Profile

Question 1 - Approximate Annual Household Income - Include the spouse's/partner's income in this value, if applicable. Annuities in payout are considered a source of income. Select a response.

Additionally, please provide the source(s) of your income and you can select all options that apply.

Question 2 - Federal Income Tax Bracket – Check one. The federal tax rate is the rate at which the client is taxed. Review your client’s previous year’s tax return, compare their taxable income to the Federal tax table and choose the appropriate percentage.

Question 3 - Approximate Annual Household Expenses – Include the spouse’s /partner’s expenses in this value. Taxes should be included in expenses.

Question 4 - Do you anticipate material changes in your income, expenses, or assets during the surrender charge period of the annuity you are purchasing? The surrender charge period refers to the number of years that a surrender charge applies. This question refers to a reduction or increase during the period. If the answer is Yes, he or she should explain how and when they expect the change in their financial situation to occur. Consideration should be given to whether the annuity is suitable due to the possible need for additional income.

Question 5 - Do you have a reverse mortgage on your primary residence? – If yes, will the source of funds for this annuity come from the reverse mortgage? (A reverse mortgage is a type of loan that allows homeowners ages 62 and older to borrow part of their home’s equity to supplement their income; repaid when the borrower dies, permanently moves out or sells the home.)

Question 6 - What is your risk tolerance for this annuity purchase? – Risk tolerance is the degree of uncertainty that your client can reasonably tolerate regarding a negative change in their portfolio.

Financial Situation/Information

Question 7 - Please indicate the financial product(s) you have current or prior experience with (select all that apply)

Considerations for Question 7:	Points to Be Emphasized, Further Explained and Discussed in Detail:
<p>Does the client have a history of investment experience?</p> <p>Does the client have a diverse portfolio of current assets?</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

Question 8 - Net Worth Calculation

- a) Select current amount in checking/savings after the purchase of this annuity.
- b) Select current amount of other liquid assets after the purchase of this annuity.

Considerations for Question 8a & 8b:	Points to Be Emphasized, Further Explained and Discussed in Detail:
<p>Liquid assets are those that are not subject to penalty or surrender charges or can easily be converted into cash. You can include penalty-free withdrawals from annuities. Liquid funds that are being used to purchase this annuity should not be included. Examples are checking/savings/money market accounts, securities sold without penalties, cash value of life insurance policies and CDs that are less than one year from maturity. Include household assets.</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

- c) Select the total amount of non-liquid assets after the purchase of this annuity.

d) Select the total amount of debt, excluding the primary residence/mortgage.

Considerations for Question 8d:	Points to Be Emphasized, Further Explained and Discussed in Detail:
Disclose amount of debt including credit cards, student loans, personal loans, auto loans, etc.	<ul style="list-style-type: none"> Explore both advantages and disadvantages related to purchasing a new annuity rather than paying off existing debt

e) Estimated total net worth (This selection should be the combination of adding the asset responses and subtracting the debt response; A+B+C-D=E)

Considerations for Question 8e:	Points to Be Emphasized, Further Explained and Discussed in Detail:
<p>Net worth = Total household assets(a+b+c) – Total debts(d)</p> <p>Total assets: Include the premium that is being used to purchase this annuity but exclude primary residence and personal belongings.</p> <p>Total debt: Exclude the mortgage on the primary residence but include credit card debt, student loans, mortgages on other properties, etc.</p>	<ul style="list-style-type: none"> Explore the reasons to put a certain percentage of the client's net worth into one product.

Question 9 - Do you have sufficient assets to cover future living and/or medical expenses? – Note: If the client answers No to this question, the annuity purchase is likely not suitable.

Considerations for Question 9:	Points to Be Emphasized, Further Explained and Discussed in Detail:
<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>	<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 Income Rider availability, if applicable

Question 10 - If you purchase this annuity, how many months of living expenses can your liquid assets cover? Select a response.

Annuity Objectives

Question 11 - Do you understand if you take more than the penalty-free withdrawal amount during the surrender charge period, you will incur a Surrender Charge, Market Value Adjustment (also referred to as an Interest Adjustment in some contracts/ endorsements, if applicable) and potentially an additional 10% tax penalty if you are under age 59 ½? Select a response.

Question 12 - How long do you plan to keep this annuity? Select a response.

Question 13 — How will this annuity purchase help meet your objectives? Select all that apply.

Question 14 – Do you anticipate taking distributions from this annuity during the surrender charge period? The purpose of this section is to document the approximate timeframe when the client expects to need income from the annuity product. If the client is unsure of how he or she will take distributions, select the most likely choice. The client’s responses are not binding. If purchasing the Confidence Income product, please select that response.

Question 15 – If you answered “yes” to question 14, please select the method you intend to take future distributions from this annuity. Select all responses that apply.

Considerations for Questions 12-15:	Points to Be Emphasized, Further Explained and Discussed in Detail:
Do liquidity needs and timeline correspond to the surrender charge period of the annuity?	<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 • Income Rider availability, if applicable

Additional Information

Question 16 - Source of funds used to purchase this annuity. Select all that apply. *If a replacement is involved, be sure to also complete the Disclosure and Comparison of Products (form number ET-4901, may vary by state) as well as any state required replacement form.*

Considerations for Question 16:	Points to Be Emphasized, Further Explained and Discussed in Detail:
<p>Will surrender charges apply to the existing contract?</p> <p>Will this be considered a “financed purchase?”</p> <p>Do the benefits of the replacement outweigh the disadvantages? Consider alternatives that may better meet the client’s needs.</p>	<ul style="list-style-type: none"> • Discuss both positive and negative aspects of a replacement to include surrender charges, forfeiture of riders, product features, liquidity, time horizon and ensure the client discusses with a tax advisor, if the situation warrants. • 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 existing contract. • Possible benefits: Current mortality table; extended maturity; flexible premium; features available; death benefit flexibility; consolidation of contracts; rate of return potential; tax efficiency; enhanced contract performance; interest rates. • Possible Disadvantages: New surrender schedule; forfeit riders; reduction in cash values with the current contract; adverse tax consequences; differences in coverage or features; interest rates (current and guaranteed); Bonus recapture

Question 17- Have you replaced or exchanged any life insurance policy or annuity contract within the past 36 months (past 60 months if you reside in California or Minnesota)? Select a response.

Question 18 – Do you (or the trust beneficiary/grantor/settlor, if trust owned) or the Annuitant currently reside in a nursing home or assisted living facility or plan to enter one within the next 6 months? Select a response.

Question 19 – CALIFORNIA RESIDENTS ONLY: Do you intend to apply for mean-tested governmental benefits, including, but not limited to, Medi-Cal or the veteran’s aid and attendance benefit? Select a response.

Insurance Agent/Producer Disclosure for Annuities

To be completed by the agent

Question 1 – Complete all agent information.

Question 2 – Complete all owner information.

Question 3 – Check all products you are authorized to sell.

Question 4 – Check how many insurers you are authorized to sell on behalf of. If applicable, indicate the primary insurer you sell annuities from.

Question 5 – Check only one box. If compensation other than commission is received, provide details.

Acknowledgements and Signatures

Statement of Purchaser

Check only one box. If the client refuses or is unable to provide the requested information, EquiTrust will not issue the contract.

Purchase Recommendation

Check only one box. If the purchase is not based on the recommendation of the agent, an acceptable explanation must be provided in the Agent/Producer Acknowledgement section below.

- If the proposed Owner is a trust, the trustee must sign.
- If the proposed Owner is a corporation, the appropriate corporate representative must sign.
- If the contract is an UGMA or UTMA, the custodian must sign.

Agent/Producer Acknowledgement

The basis for the recommendation is required for each application. If the purchase was not based on your recommendation, provide an explanation in this section. Please remember to sign and date the form. *Although permissible under Best Interest regulations, EquiTrust does not accept non-recommended annuity submissions.*