

American Equity

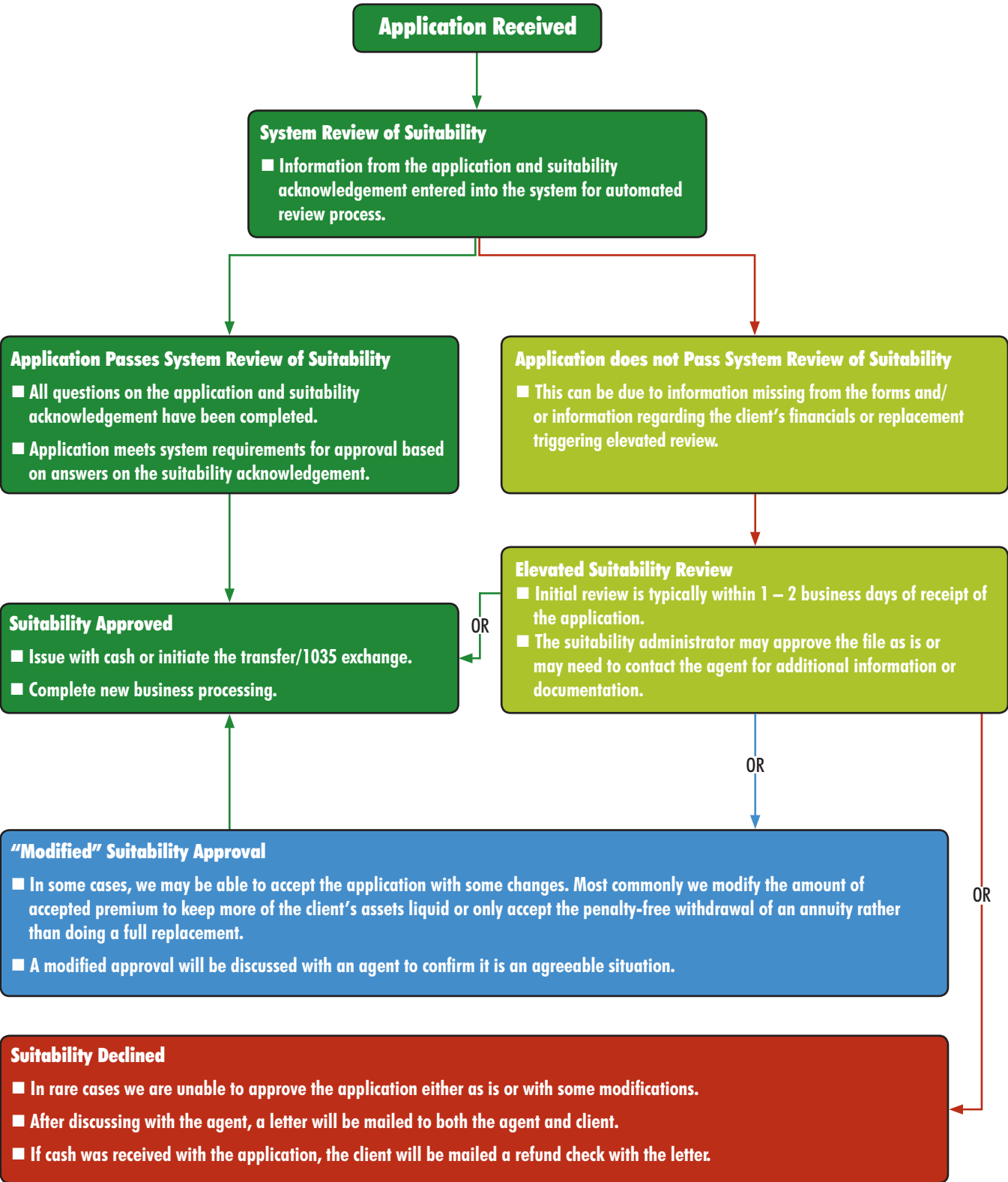
Suitability Guide



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.

Financials

- A financial fact finder is recommended to be completed with every application as it may be requested at any time.
- 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 percentage of investable assets in annuities 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. Or, we'd expect to see "pass to beneficiaries" marked as an objective if the client selects the Lifetime Income Benefit Rider with the enhanced death benefit).

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.

Tips for Completion - Suitability Acknowledgement Form #4106

Knowing your 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.

Hint!

Don't forget owner occupation. Even if the client is not working or retired, include the most recent occupation or line of work.

Owner's Name 	Are you still working? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Retired	Owner's Occupation <i>(If not working or retired, list most recent. If self-employed, please include line of work.)</i>
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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:

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

1.1 Total Net Worth

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
- Cash value life insurance
- Real estate other than the client's primary residence
- Retirement accounts not in annuities

1. FINANCIAL INFORMATION													
INITIALS	<p>1.1 Total Net Worth Total of all investable assets including this annuity (exclude primary residence, automobiles, and personal property) \$ _____</p>												
INITIALS	<p>1.2 Total Liquid Assets Checking, savings, money market, mutual funds, CD's, stocks & bonds DO NOT INCLUDE FUNDS INTENDED TO PURCHASE THIS ANNUITY \$ _____</p>												
	<p>1.3 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? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>												
INITIALS	<p>1.4 What is your gross monthly household income? Check all sources of income that apply:</p> <table border="0"> <tr> <td><input type="checkbox"/> Current Wages</td> <td><input type="checkbox"/> Investment Income</td> <td><input type="checkbox"/> Pension/RMDs</td> </tr> <tr> <td><input type="checkbox"/> Social Security (retirement)</td> <td><input type="checkbox"/> Unemployment</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Rental Income</td> <td><input type="checkbox"/> Social Security (survivor or dependent)</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Social Security (disability)</td> <td><input type="checkbox"/> Alimony and/or Child Support</td> <td></td> </tr> </table> <p>\$ _____</p>	<input type="checkbox"/> Current Wages	<input type="checkbox"/> Investment Income	<input type="checkbox"/> Pension/RMDs	<input type="checkbox"/> Social Security (retirement)	<input type="checkbox"/> Unemployment		<input type="checkbox"/> Rental Income	<input type="checkbox"/> Social Security (survivor or dependent)		<input type="checkbox"/> Social Security (disability)	<input type="checkbox"/> Alimony and/or Child Support	
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	<p>1.5 What are your current monthly household expenses? <i>This includes mortgage/rent, health care, insurance, utilities, etc.</i> \$ _____</p>												
	<p>1.6 Federal Income Tax Bracket: Check One <input type="checkbox"/> 10% <input type="checkbox"/> 15% <input type="checkbox"/> 25% <input type="checkbox"/> 28% <input type="checkbox"/> 33% <input type="checkbox"/> 35% <input type="checkbox"/> 39.6%</p>												
	<p>1.7 Do you anticipate a significant decrease in your future income or increase in your future expenses during the surrender charge period? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please Explain: _____ _____ _____</p>												

1.2 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 59.5, do not include qualified money.
- Do not include funds used for this annuity purchase.

1.4 What is the gross monthly household income?

Hint!

Indicate total monthly income and check all applicable sources of income box(es). See example below.

INITIALS _____	1.4 What is your gross monthly household income?				
	Check all sources of income that apply:	<input checked="" type="checkbox"/> Current Wages	<input checked="" type="checkbox"/> Investment Income	<input type="checkbox"/> Pension/RMDs	\$ _____
	<input checked="" type="checkbox"/> Social Security (retirement)	<input type="checkbox"/> Unemployment			
	<input type="checkbox"/> Rental Income	<input type="checkbox"/> Social Security (survivor or dependent)			
	<input type="checkbox"/> Social Security (disability)	<input type="checkbox"/> Alimony and/or Child Support			

1.5 What are your current monthly household expenses?

Indicate total monthly expenses for the owner's household. Household means owner and any members residing together. Check the box(es) to indicate the source(s) of income. Provide estimated monthly expenses. We understand this can change from month to month.

Considerations:

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

1.7 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 & Experience

2. FINANCIAL OBJECTIVES & EXPERIENCE

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

<input type="checkbox"/> Preservation of Principal	<input type="checkbox"/> Income Tax Deferral
<input type="checkbox"/> Pass on to Beneficiaries	<input type="checkbox"/> Probate Avoidance
<input type="checkbox"/> Provide Lifetime Income	<input type="checkbox"/> Potential Growth followed by Income
<input type="checkbox"/> Minimum Guaranteed Interest Rate	

2.2 What is your general risk tolerance? Check One

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

2.3 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."

<input type="checkbox"/> Stocks/ Bonds/ Mutual Funds	\$ _____
<input type="checkbox"/> Annuities outside of American Equity	\$ _____
<input type="checkbox"/> Annuities with American Equity including this app	\$ _____
<input type="checkbox"/> Real Estate excluding personal residence	\$ _____
<input type="checkbox"/> Certificate of Deposit	\$ _____
<input type="checkbox"/> Savings/Checking	\$ _____
<input type="checkbox"/> Life Insurance (list cash value)	\$ _____
<input type="checkbox"/> Other (please explain) _____	\$ _____

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<input type="checkbox"/> Annuities outside of American Equity	\$ _____
<input type="checkbox"/> Annuities with American Equity including this app	\$ _____
<input type="checkbox"/> Real Estate excluding personal residence	\$ _____
<input type="checkbox"/> Certificate of Deposit	\$ _____
<input type="checkbox"/> Savings/Checking	\$ _____
<input type="checkbox"/> Life Insurance (list cash value)	\$ _____
<input type="checkbox"/> Other (please explain) _____	\$ _____

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 exercising during the life of the contract. Then next to each option you checked, indicate how many years from now you plan to start using the option.

Rely on My Withdrawal _____
 Annuity/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.

<input type="checkbox"/> Variable Annuity	<input type="checkbox"/> Fixed Annuity	<input type="checkbox"/> Indexed Annuity
<input type="checkbox"/> CD/IR	<input type="checkbox"/> Mutual Funds	<input type="checkbox"/> Inheritance
<input type="checkbox"/> IR/IRA Rollover	<input type="checkbox"/> Retirement Plan	<input type="checkbox"/> Unrelated IRA
<input type="checkbox"/> Savings/Checking/Home Withdrawal	<input type="checkbox"/> Death Proceeds from Life Insurance	<input type="checkbox"/> Reverse Mortgage
<input type="checkbox"/> Stocks/Bonds/Exchange Account	<input type="checkbox"/> Other	

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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 in order of importance.

Considerations:

Is the client in a better position to achieve their financial objectives with the purchase of the annuity?

2.3 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. See completed demonstration below.

2.3 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."

<input checked="" type="checkbox"/> Stocks/ Bonds/ Mutual Funds	\$ _____
<input checked="" type="checkbox"/> Annuities outside of American Equity	\$ _____
<input checked="" type="checkbox"/> Annuities with American Equity including this app	\$ _____
<input type="checkbox"/> Real Estate excluding personal residence	\$ _____
<input type="checkbox"/> Certificate of Deposit	\$ _____
<input checked="" type="checkbox"/> Savings/Checking	\$ _____
<input checked="" type="checkbox"/> Life Insurance (list cash value)	\$ _____
<input type="checkbox"/> Other (please explain) _____	\$ _____

Hint!

- Total Net Worth question 1.1 should equal the total of the assets listed.
- Total Liquid Assets question 1.2 should equal the total of stocks/bonds/mutual funds (if client is under 59.5, only include non-qualified funds towards liquid assets), penalty-free withdrawals available on existing annuities, CDs, and savings/checking. While other assets, such as gold, may be included in the "Other" section and included in the net worth, we do not include these as liquid assets.
- Annuities with American Equity should always have the premium for the application applied for, plus any existing contracts or other pending applications with American Equity.

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.

Penalty-Free Withdrawal _____

Annuitization/Income Rider _____

Lump Sum _____

Required Minimum Distribution _____

No Current Plans to Access _____

2. FINANCIAL OBJECTIVES & EXPERIENCE

2.1 Financial Objectives in purchasing this annuity. Check one the most important objective in purchasing this annuity.
 Preservation of Principal Income Tax Deferral
 Access to Withdrawals Probate Avoidance
 Flexible Income Potential Growth Through Investment

2.2 What is your general risk tolerance? Check One
 Conservative - Check the box to take risk or minimal risk.
 Moderate - Comfortable with average risk to volatility.
 Aggressive - Change to active investment - takes on additional risk.

2.3 Check if you currently own or have owned any of the following accounts. Then next to each option, list the current value. If you have no funds in the type of account, indicate "N/A".

Broker/ Broker/ Mutual Funds \$ _____

American Funds of American Equity \$ _____

Annuities with American Equity including this app \$ _____

Real Estate including personal residence \$ _____

Certificate of Deposit \$ _____

Savings/Checking \$ _____

Life Insurance (not cash value) \$ _____

Other (please explain) _____ \$ _____

3. FUTURE DISTRIBUTION NEEDS

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 1-5 Years 6-9 Years 10+ Years

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Penalty-Free Withdrawal _____

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

IRAs 401(k) 403(b) 529 Inheritance Reverse Mortgage

529 529 529 529 529 529

Savings/Checking/Investment Death Proceeds from Life Insurance

Other Other

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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 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.

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?

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. REPLACEMENT INFORMATION*

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

*For all full replacements and partial withdrawals after the penalty-free period, include a full copy of the most recent annual or quarterly statement. If you are purchasing a 529, also include a copy of the redemption form for the same payment option from the company you are replacing.

	Replacement 1	Replacement 2	Replacement 3
Contract Number			
Contract			
Issue Date	/ /	/ /	/ /
Initial Premium	\$	\$	\$
Product Type	<input type="checkbox"/> Variable <input type="checkbox"/> Fixed	<input type="checkbox"/> Variable <input type="checkbox"/> Fixed	<input type="checkbox"/> Variable <input type="checkbox"/> Fixed
Withdrawal Type	<input type="checkbox"/> Full <input type="checkbox"/> Partial	<input type="checkbox"/> Full <input type="checkbox"/> Partial	<input type="checkbox"/> Full <input type="checkbox"/> Partial
Surrender Percentage	%	%	%
Current Value	\$	\$	\$
Surrender Value	\$	\$	\$
Income Benefit/Death Value	\$ If not applicable, enter \$0	\$ If not applicable, enter \$0	\$ If not applicable, enter \$0
Annuitization Value	\$ If not applicable, enter \$0	\$ If not applicable, enter \$0	\$ If not applicable, enter \$0
Death Benefit	\$	\$	\$
Reason for Replacing (Select One)	<input type="checkbox"/> Reduction of Fees <input type="checkbox"/> Eliminate Income Benefit Rider <input type="checkbox"/> Replace existing Income Benefit Rider with new Income Benefit Rider that meets needs for current and future needs <input type="checkbox"/> Non-renewal of policy <input type="checkbox"/> Remove funds from market	<input type="checkbox"/> Reduction of Fees <input type="checkbox"/> Eliminate Income Benefit Rider <input type="checkbox"/> Replace existing Income Benefit Rider with new Income Benefit Rider that meets needs for current and future needs <input type="checkbox"/> Non-renewal of policy <input type="checkbox"/> Remove funds from market	<input type="checkbox"/> Reduction of Fees <input type="checkbox"/> Eliminate Income Benefit Rider <input type="checkbox"/> Replace existing Income Benefit Rider with new Income Benefit Rider that meets needs for current and future needs <input type="checkbox"/> Non-renewal of policy <input type="checkbox"/> Remove funds from market
	<input type="checkbox"/> Bonus increases my current value and death benefit value on Day 1	<input type="checkbox"/> Bonus increases my current value and death benefit value on Day 1	<input type="checkbox"/> Bonus increases my current value and death benefit value on Day 1
	<input type="checkbox"/> Other	<input type="checkbox"/> Other	<input type="checkbox"/> Other
Replacing Agent	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

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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 full replacements, 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.

life.american-equity.com



Call us at **888-221-1234**

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