

Producer's Guide to Suitability

For Fixed and Fixed Index Annuities

Summary

Why is the suitability analysis important?

State regulations, and your obligations to your client, require that you gather enough information to make a recommendation of a product that is suitable. Collecting information from your client involves understanding their lifestyle, recent or upcoming life events, financial experience, income needs, risk tolerance, time horizon, and availability of funds for emergencies. This information will assist you in completing the suitability analysis and ultimately help you and your client determine if this annuity is the right one for them.

What is suitability all about?

Suitability means that your client buys this annuity for all the right reasons, with a complete understanding of how it works – the benefits as well as any conditions, limitations and/or restrictions. Suitability requires your professional analysis and judgment based on the specific needs and circumstances of your client.

What types of records are you required to keep?

The Delaware Life *Suitability Questionnaire* was designed to help capture your suitability analysis. When making your recommendation, all of the information you collect on these forms will provide a detailed summary as to why the annuity was determined to be suitable. In addition, you should keep notes of all conversations, information discussed and presented, and every item you considered during your analysis. All materials used during your review are required to be maintained as part of your customer file and you may be asked to provide this documentation to Delaware Life. State regulations require producers to retain written documentation for each customer for each recommended transaction. Please refer to the recordkeeping rules in your jurisdiction to learn how long you must retain documentation.

What are your responsibilities?

You are responsible for having reasonable grounds for believing that this annuity is suitable for your client. To do that, you must:

- Make every effort to obtain your client's suitability information
- Have adequate knowledge of the Delaware Life annuity product you are recommending

- Assess the various features of the annuity against your client's suitability information to make your recommendation
- Record all information you collect and keep copies of everything you present
- Cooperate with our efforts to review your recommendations, including providing follow-up information as we may require in any review of your transactions

What are Delaware Life's responsibilities?

Delaware Life is responsible for ensuring your compliance with state insurance suitability requirements. This means that we will not issue an annuity unless there is a reasonable basis for believing the annuity is suitable based on your client's circumstances. In addition, we must:

- Inform you of your responsibilities, which is the purpose of this Guide
- Provide training materials, including Product Specific Training, which explain the material features of our annuity products
- Maintain a procedure for reviewing the suitability information for each of your recommendations
- Maintain reasonable procedures to detect recommendations that are not suitable

What happens if your client chooses to "opt-out" of providing the information Delaware Life requires?

If an applicant chooses not to provide the required information, we will be unable to issue an annuity contract. We do not allow applicants to opt-out of completing the entire Delaware Life *Suitability Questionnaire*. The suitability disclosure details are necessary to understand both your recommendations and your client's need for a specific annuity product. Completed forms clearly document the discussion you had with your client and helps demonstrate their understanding.

If privacy is a concern, please assure your client that we protect all personal information and restrict access to personal information by maintaining physical, electronic, and procedural safeguards. We allow access only to persons who must use the information to provide insurance products and services.

What information must be obtained?

Before you make a recommendation to your client, you must understand their circumstances. To do that, you must obtain information from your client to aid you in assessing their financial needs and objectives, as well as their reasons for purchasing the annuity. At a minimum, the following must be collected and recorded:

- Age
- Annual income
- Existing assets, including investment, annuity, and life insurance holdings,
- Financial experience
- Financial objectives
- Financial situation and needs, including the financial resources used for the funding of this annuity
- Financial time horizon
- Intended use of the annuity
- Liquid net worth
- Liquidity needs
- Risk tolerance
- Tax status

How can you determine if an annuity is suitable?

In addition to collecting and understanding your client's suitability information, you must have a general understanding of annuities and have knowledge of the annuity you are considering for recommendation. Product knowledge is necessary for you to assess the features of the annuity, which include the conditions, limitations, and restrictions on the annuity benefits.

When making the suitability determination, using your professional analysis and judgment, your understanding of your client's suitability information, and the annuity being considered, assess whether:

- The annuity meets your client's insurance needs as well as their financial needs and objectives at the time of review
- The annuity offers substantial benefits
- Your client will be able to satisfy the conditions, limitations, or restrictions required to receive the benefits of the annuity

Generally, an annuity is suitable for applicants who:

- Understand that annuities are designed to meet long-term retirement needs
- Have no immediate need for liquidity from the annuity and expect to hold the annuity for at least the length of the surrender charge period
- Have sufficient funds and assets available to cover living expenses, emergencies, and changes in income, liquid assets and health care needs

When might an annuity not be suitable?

Examples of situations not considered suitable:

- A surrender charge schedule that exceeds the applicant's life expectancy
- An annuity purchase that ties up too much of an applicant's liquid assets
- An annuity purchased with proceeds from a reverse mortgage or home equity loan
- Lack of understanding by the applicant of all benefits, features and limitations of the annuity
- Replacement where both products have the same features and benefits
- Replacement where the surrender charges, fees, and/or market value adjustment of the old annuity outweigh the benefits of the new annuity

Delaware Life Suitability Review

Upon receipt of a *Suitability Questionnaire*, Delaware Life will:

- Review for completeness and to ensure all requested and required information is provided. If any information is missing or requires clarification, the suitability review will be delayed.
- Apply a screening system to the transaction to ensure all responses are within pre-determined parameters
- Identify recommendations that may require additional follow-up

In the event we require additional information from you, we will contact you. We may also contact the applicant directly, but will make every effort to clear any outstanding issues with you first.

What if an application is reviewed and/or declined for suitability issues?

Prior to declining any application for suitability-related issues, Delaware Life will contact you to confirm details we might be questioning and to afford you the opportunity to supplement any information already presented. Once we have all of the facts and our decision is made, it will be final.

What if the applicant wants the annuity even after it was declined for suitability issues?

Our review process allows opportunity for a thorough evaluation of all information. Our decision to decline a case is final.

A Guide to Completing the Suitability Questionnaire

Applicant & Joint-Applicant Information

What if two applications are being written – one for each spouse... is a Delaware Life *Suitability Questionnaire* required with each application – even when most of the information is the same?

We require one completed *Suitability Questionnaire* for each application presented.

What if the applicant is not the annuitant?

Complete the *Suitability Questionnaire* based on the applicant's information. In general, the *Suitability Questionnaire* should be completed based upon the person paying the annuity premium.

What if the applicant is a non-natural person?

- Revocable Trust – complete the *Suitability Questionnaire* based upon the trust grantor's information
- Irrevocable Trust – complete the *Suitability Questionnaire* based upon the trust's information
- Corporation – complete the *Suitability Questionnaire* based upon the corporation's financial information
- UTMA/UGMA – complete the *Suitability Questionnaire* based upon the financial information of the person funding the annuity

Financial Information & Experience

To locate information concerning federal income tax bracket and tax filing status: www.irs.gov

How is net worth calculated?

Net worth equals total assets minus total liabilities (Net Worth = Total Assets – Total Liabilities)

Why is the applicant's primary residence excluded from the net worth calculation?

A home, while valuable, is not liquid and should not be factored into net worth for purposes of annuity suitability. Delaware Life **will not** accept premium from reverse mortgages or home equity loans.

What are some examples of liquid assets, non-liquid assets, and liabilities?

Liquid Assets:

- 401(k) Plan if the applicant is over age 59½, Mutual Funds
- Brokerage Accounts, Money Markets, Stocks, Bonds, Options
- Bank CDs, Checking/Savings Accounts
- Deferred Annuities

Non-liquid Assets:

- Rental or Investment Property
- Immediate Annuities

Liabilities:

- Rental or Investment Property Mortgage
- Credit Card Debt, Loans

Important

Please ensure that all questions are answered. If information is missing or requires alteration, we will require that that all modifications be signed and dated by the applicant.

The *Financial Inventory* form should be used to help you record the information required for this section. This form does not need to be submitted with the application package, but you should maintain a copy in your files. If additional information is needed, we will request this form.

Financial Inventory

This worksheet is **not** required to be submitted with the application package. We recommend that you complete this document and maintain it in your file, as **we may request it if additional information or clarification is required.**

Applicant Information
Applicant Name

Annual Household* Income & Living Expenses

Income	
Salary/ Wages	\$
Social Security Payments	\$
Pension/Retirement Benefits	\$
Interest/Dividend Income**	\$
Rental Income/Other	\$
TOTAL	\$

Annual Disposable Income	
Total Income	\$
Minus Total Expenses	\$
DISPOSABLE INCOME	\$

Living Expenses	
Rent/ Mortgage Payment	\$
Utilities	\$
Debt Repayment	\$
Transportation	\$
Food	\$
Health Care	\$
Taxes <i>includes property, income & FICA taxes</i>	\$
Insurance	\$
Support for Dependents	\$
Charitable Donations	\$
Travel	\$
Other	\$
TOTAL EXPENSES	\$

*"Household" includes the applicant and, if a member of their household, the applicant's spouse/partner.
 ** other than income received on money used to purchase this annuity

Annual Household Net Worth & Liquid Assets

Net Worth	
Checking Accounts	\$
Savings Accounts/ CDs	\$
Securities (non-retirement accounts)	\$
Annuities (non-retirement accounts)	\$
Retirement Account Balances	\$
Real Estate (exclude primary residence)	\$
Value of Business	\$
Total Assets	\$
Minus Total Liabilities (exclude mortgage on primary residence)	\$
NET WORTH	\$

Liquid Assets	
Checking Accounts	\$
Savings Accounts	\$
Securities (include mutual funds without deferred sales charges)	\$
Current Year Free Annuity Withdrawals (other than on the annuity being purchased)	\$
Other	\$
TOTAL LIQUID ASSETS (exclude liquid assets used to fund this annuity)	\$

Notes

This worksheet is **not** required to be submitted with the application package.

We recommend that you complete this document and maintain it in your file, as **we may request it if additional information or clarification is required.**

Suitability Questionnaire

Fixed and Fixed Index Annuities

Instructions

Thank you for your interest in this annuity offered by Delaware Life Insurance Company (“Delaware Life” or “the Company”). The purpose of this questionnaire is to help ensure that the annuity you are purchasing is appropriate based on your insurance needs and financial objectives. Before submitting your application, you should be satisfied that the product meets your needs and objectives, and that you have the knowledge necessary to make an informed decision. At the end of this questionnaire, you will be asked to affirm that the annuity is suitable and appropriate for your retirement income needs. Delaware Life reserves the right to deny an application if the Company determines that the product may not be suitable.

Further, if the purchase of this annuity involves the replacement of an existing annuity contract or life insurance policy, you should be educated on the advantages and disadvantages of a replacement, and complete replacement forms as required by state regulations. Your privacy is a high priority to us and your information will be treated with the highest degree of confidentiality. A copy of Delaware Life’s Privacy Policy can be found at delawarelife.com.

Please read the questions on this Suitability Questionnaire carefully and provide a response for each one. **Note that this Suitability Questionnaire must be completed in full, signed, and dated. We will otherwise be unable to consider your annuity application.**

Applicant’s Personal Information

Name	Social Security Number	Age
Employment Status <input type="checkbox"/> Employed <input type="checkbox"/> Unemployed <input type="checkbox"/> Retired		
Occupation (Previous Occupation if Retired or Unemployed)		
Where do you currently reside? <input type="checkbox"/> Personal Residence <input type="checkbox"/> Nursing Home <input type="checkbox"/> Family Member’s Residence <input type="checkbox"/> Assisted Living Facility		

Joint Applicant’s Personal Information (if applicable)

Name	Social Security Number	Age
Employment Status <input type="checkbox"/> Employed <input type="checkbox"/> Unemployed <input type="checkbox"/> Retired		
Occupation (Previous Occupation if Retired or Unemployed)		

Non-Natural Owner Information (to be completed by Beneficial Owner)

Entity

Beneficial Owner

Delaware Life Account Information

Product Name

Premium Amount

\$

Contract Term/Surrender Charge Period

☐ 3YR ☐ 5YR ☐ 7YR ☐ 10YR

Your Household* Financial Information & Experience

- 1 What is your annual income? \$ _____
- 2 What is the income source? _____
- 3 What are your annual living expenses? \$ _____
- 4 What is your annual disposable income? (#1 minus #3) \$ _____
- 5 What is your approximate net worth? *[exclude home & personal property]* \$ _____
- 6 What is the amount of your liquid assets?
[checking account, savings account, CDs, stocks, bonds, mutual funds] \$ _____
- 7 What is your federal income tax bracket?
☐ less than 15% ☐ 15-28% ☐ greater than 28% ☐ N/A (corporate applicants only)
- 8 What is your tax filing status?
☐ Single ☐ Head of Household ☐ Widowed ☐ Married Filing Jointly ☐ Married Filing Separately
☐ N/A (corporate applicants only)
- 9 What other financial products do you currently own or have you previously owned? If you currently own any of these products, please select all that apply and include a current account value for each. If you previously owned any, but do not now, please select all that apply, and insert \$0.00 for each.

<input type="checkbox"/> None		<input type="checkbox"/> Certificate of Deposit	\$ _____
<input type="checkbox"/> Variable Annuity(ies)	\$ _____	<input type="checkbox"/> Stocks/Bonds/Mutual Funds	\$ _____
<input type="checkbox"/> Fixed/Fixed Index Annuity(ies)	\$ _____	<input type="checkbox"/> Money Market Account	\$ _____
<input type="checkbox"/> Variable Life Insurance	\$ _____	<input type="checkbox"/> Reverse Mortgage	\$ _____

* "Household" includes the applicant and, if a member of their household, the applicant's spouse/partner.

Your Household Financial Information & Experience (continued)

- 10** Do you anticipate a significant increase in living expenses (i.e., medical) or a decrease in annual income or liquid assets during the surrender charge period of the annuity?..... ☐ Yes ☐ No

If "Yes," please explain.

- 11** Other than the premium in this annuity, do you have sufficient funds or other assets available to you, without penalty, for living expenses and in case of emergencies? ☐ Yes ☐ No

If "No," please explain.

- 12** What are your financial objectives in purchasing this annuity? Select all that apply.

- | | | |
|--|---|---|
| <input type="checkbox"/> Income Now | <input type="checkbox"/> Guaranteed Interest Rate | <input type="checkbox"/> Pass to Beneficiary(ies) |
| <input type="checkbox"/> Preservation of Capital | <input type="checkbox"/> Avoid Probate | <input type="checkbox"/> Growth |
| <input type="checkbox"/> Tax Deferral | <input type="checkbox"/> Lifetime Income | <input type="checkbox"/> Other _____ |

- 13** What is the premium source for this annuity? Select all that apply.

- | | | | |
|--|---|--------------------------------------|--|
| <input type="checkbox"/> Fixed Annuity | <input type="checkbox"/> Life Insurance | <input type="checkbox"/> CD | <input type="checkbox"/> Checking/Savings |
| <input type="checkbox"/> Variable Annuity | <input type="checkbox"/> Family Member | <input type="checkbox"/> Mutual Fund | <input type="checkbox"/> Reverse Mortgage/Home Equity Loan |
| <input type="checkbox"/> Fixed Index Annuity | <input type="checkbox"/> Death Benefit Proceeds/Inheritance | | |
| <input type="checkbox"/> Non-Family Member (if so, please provide an explanation on a separate document) | | | |
| <input type="checkbox"/> Other (please explain) _____ | | | |

- 14** What is your risk tolerance?

- | | | | | |
|---------------------------------------|--|-----------------------------------|--|-------------------------------------|
| <input type="checkbox"/> Conservative | <input type="checkbox"/> Moderately Conservative | <input type="checkbox"/> Moderate | <input type="checkbox"/> Moderately Aggressive | <input type="checkbox"/> Aggressive |
|---------------------------------------|--|-----------------------------------|--|-------------------------------------|

- 15** Aside from required distributions or other partial withdrawals, do you plan to keep the annuity open and in-force until the end of the surrender charge period?..... ☐ Yes ☐ No

continued on next page

Your Household Financial Information & Experience (continued)

16 Does your purchase involve the replacement of one or more life policies or annuity contracts? ☐ Yes ☐ No

If "Yes," please provide the information requested below in 16a-e.

If "No," proceed to Question 17.

16a Is any life policy or annuity contract being replaced subject to surrender charges?..... ☐ Yes ☐ No

16b If "Yes," Applicant must complete the following for each life policy or annuity contract being replaced.
Add an extra sheet if more space is needed.

Current Carrier #1	_____
Transfer Amount (prior to any surrender charges)	\$ _____
Amount of surrender charges, fees, bonus recaptures or other penalties	\$ _____
Current Carrier #2	_____
Transfer Amount (prior to any surrender charges)	\$ _____
Amount of surrender charges, fees, bonus recaptures or other penalties	\$ _____
Current Carrier #3	_____
Transfer Amount (prior to any surrender charges)	\$ _____
Amount of surrender charges, fees, bonus recaptures or other penalties	\$ _____

16c Do you understand that surrender charges incurred by replacing a life policy or annuity contract may offset the benefits of the Delaware Life annuity for which you are applying?..... ☐ Yes ☐ No

16d Have you fully considered these charges with your producer as part of your assessment that the Delaware Life annuity being applied for will meet your financial needs? ☐ Yes ☐ No

16e Have you exchanged or replaced any other life insurance policy or annuity contract within the last 36 months? (In California or Minnesota within the last 60 months?) ☐ Yes ☐ No

If "Yes" to question 16e above, please explain.

17 How do you anticipate taking distributions from this annuity? Please select all that may apply.

- | | | |
|---|--|--|
| <input type="checkbox"/> Annuitize | <input type="checkbox"/> Lump Sum | <input type="checkbox"/> Leave to Beneficiary(ies) |
| <input type="checkbox"/> Systematic Withdrawal | <input type="checkbox"/> Free Withdrawals | <input type="checkbox"/> No plans to access |
| <input type="checkbox"/> Withdrawals greater than the free amount | <input type="checkbox"/> Required Minimum Distribution | |

18 Do you understand that this annuity may have significant withdrawal, Market Value Adjustment and/or other charges, for withdrawals in excess of the free amount?..... ☐ Yes ☐ No

19 California Applicants Only

Subsequent to the purchase of this annuity, do you intend to apply for means-tested benefits, including but not limited to Medi-Cal or the veterans' aid and attendance benefit? ☐ Yes ☐ No

If "Yes," please explain.

Affirmations

Applicant Statement

This Suitability Questionnaire is designed to help you determine if purchasing a Delaware Life annuity contract meets your financial needs.

By signing below, you agree and understand that:

- The Delaware Life annuity contract is not a mutual fund, savings account, certificate of deposit, bond, security or similar financial product;
- The Delaware Life annuity contract is not a short-term investment. Any withdrawal of funds prior to the last day of the surrender and withdrawal charge period, as described in the annuity contract, may be subject to a charge as described in the annuity contract;
- Capital gains, loss of existing benefits, withdrawal or surrender charges, and/or tax liability may be incurred as a result of liquidating or withdrawing funds from any existing investment for the purpose of purchasing the Delaware Life annuity contract;
- The purchase of this annuity from Delaware Life is suitable and appropriate for my needs;
- The producer reviewed with me the Disclosure Statement for the annuity I have applied for and provided me with a copy;
- I acknowledge that all questions were answered truthfully; and
- I have read and understand the above statements.

California Applicants Only

The purchase of the Delaware Life annuity is not intended to affect the applicant's Medi-Cal eligibility under any circumstances.

Applicant Signature X	Date (mm/dd/yyyy)
Joint Applicant Signature X	Date (mm/dd/yyyy)

continued on next page

Affirmations (continued)

Producer Statement

This Suitability Questionnaire is designed to help you determine if recommending the purchase of a Delaware Life annuity contract meets the financial needs of the Applicant(s).

By signing below, you agree to following:

- I have made no representation that differs from Delaware Life-approved sales materials;
- I have reviewed the Applicant's financial objectives; financial information; health and age information along with all information provide above and agree that recommendation of this annuity is suitable;
- The Applicant's decision to purchase this annuity is based on my recommendation;
- I have reviewed the Disclosure Statement for the annuity applied for and provided a copy to the Applicant(s); and
- I do not believe the Applicant(s) has a diminished capacity with regard to making financial decisions on his/her own behalf.

California Applicants Only

The purchase of the Delaware Life annuity is not intended to affect the applicant's Medi-Cal eligibility under any circumstances.

Massachusetts Applications Only

Have you sold other life policies or annuity contracts to the Applicant(s) which will remain in force when the annuity contract being applied for is issued? If so, please list the policies/contracts below (attach an additional sheet if necessary):

Contract/Policy Type	Contract/Policy Carrier	Contract/Policy Issue Date	Contract/Policy Current Value

☐ Check here if additional policies/contracts are listed on an attached sheet.

Producer Signature

X

Date (mm/dd/yyyy)