

The Global Atlantic Consumer Guide to Annuity Purchasing outlines the responsibilities of Forethought Life Insurance Company in ensuring that any annuity purchase recommendations made by its appointed financial professionals are suitable and in the consumer's best interest. The guide provides essential information to assist consumers in understanding annuities, which are contracts with insurance companies promising regular income payments for a specified period. Annuities can be immediate, starting payments right after purchase, or deferred, beginning at a later date.

There are several types of annuities: Fixed Annuities (or multi-year guaranteed annuities) offer a fixed interest rate set by the insurer for a specified holding period, with potential surrender charges for early withdrawals. Fixed Indexed Annuities (FIAs) credit interest based on the performance of a securities index, with guarantees on the purchase payment and interest credits, but may have caps or margins limiting participation in positive index performance. Variable Annuities allow returns based on the performance of chosen investment portfolios, with no guaranteed returns and potential for loss.

When selecting an annuity, consumers should consider their long-term retirement needs, ensuring they have sufficient liquid assets for short-term obligations. Annuities may incur additional fees and charges, including surrender charges for early withdrawals, which typically decrease over time. A Market Value Adjustment (MVA) may also apply, affecting the account value based on interest rate changes at the time of withdrawal.

Withdrawal options include annuitizing the contract for guaranteed income, full withdrawal of the cash surrender value (which may incur charges), or partial withdrawals without terminating the contract. Some annuities may offer guaranteed living benefits at an additional cost, ensuring payments for life.

Financial professionals are obligated to ensure that annuity recommendations align with the consumer's needs and financial situation, gathering relevant information to assess suitability. They may inquire about various factors, including age, existing assets, tax status, income, liquidity needs, and financial objectives.

Compensation for financial professionals typically involves commission structures that do not affect annuity contract expenses. Options may include a lump sum commission based on the purchase amount or a combination of reduced lump sum and asset-based trail commissions. Insurance companies may also cover costs for promotional activities related to annuity sales.