

Dear _____,

As you may know, the United States Department of Labor recently proposed new rules concerning the sale of Individual Retirement Accounts (IRAs) requiring agents like me who give advice to act in the best interest of their clients and abide by what are called impartial conduct standards. Some of those rules are now effective but the rules are still under review by the Department of Labor and there is considerable uncertainty as to the effect and future of these requirements.

During this period of time, I wish to disclose certain information to you as a prospective client so you can be better informed about my marketing and sales practices as well as the products that I offer, I am hopeful this information can help you be a smarter consumer and give you even greater confidence your purchase with me is a wise choice that will enhance your financial well-being.

Here are some important points to keep in mind as you compare different financial products and service options:

- As is common in the insurance industry, I receive a commission for every _____ annuity I sell based on amount of premium. My commission on the sale of this annuity to you is as follows:

_____ % of the gross annual premium for the first year of the annuity contract;

and

_____ % of the gross annual premium for _____ years after the first year of the annuity contract.

- I am an independent agent who can recommend annuities and insurance products of other companies. However, I am limited in the types of products that I can recommend and the number of companies I can recommend. So you may wish to shop around and explore options offered by other insurance agents or other kinds of financial service providers such as brokers, banks, or investment advisers. In some cases I may offer other products or services which I would do through a different unaffiliated third party and disclose that to you.
- Features and limitations of annuities may vary from product to product. Your purchase of an annuity was done by me in the ordinary course of my business on terms at least as favorable as any arms-length transaction with an unrelated party.
- In addition to commission, from time to time, in connection with this annuity sale, I may be offered and may receive from the insurance company, wholesalers, independent marketing organizations or distributors, other financial incentives including but not limited to: gifts, meals, or entertainment; reimbursement for training, marketing, educational efforts, advertising, or travel expenses to sponsored conferences or events. I may also participate in deferred compensation or profit sharing plans or bonus programs.

- In addition to the conflicts of interest outlined above, I also have the following conflicts of interest:

- The insurance company that issues your purchased annuity makes money on the sale of annuity products based on investment income and policy charges. The insurance company seeks to maximize its investment income spread which is the difference between what the company earns on its investments and its obligations to pay policyholder benefits. The insurance company also earns money based on charges that are applied in accordance with terms of the respective annuity policies including surrender charges and rider fees.
- All fees and charges applicable to your annuity are disclosed in detail in product disclosures that I provided to you at time of purchase.

I provide this information in part to satisfy requirements under prohibited transaction exemption rules established by the Department of Labor. As explained above, those rules are still taking shape, but in essence the rules contemplate that certain information should be provided to IRA owners and that all such information be truthful. Compliance with the rules is necessary in order for me to receive sales commissions. It includes disclosure of any potential conflicts that could affect my judgment in selling financial products.

I am hopeful you find this information useful in your efforts to select a reliable financial professional and shop for the product that meets your long term objectives and needs.

Thank you.