



HERMANN SONS LIFE

Needs and Financial Objectives to Review Before the Purchase of an Annuity

To be completed by Hermann Sons Life Agent
(Definition of concepts on reverse side)

1. Is the applicant **asking for a recommendation from the Hermann Sons Life Agent** regarding the investment benefits of a Hermann Sons Life Annuity?
 Yes - Continue to Questions 2, 3, 4 and 5.
 No - The applicant has decided on the investment choice independently. Have member sign below that they do not wish information regarding how this annuity addresses their financial plans, tax status or how this product meets their overall investment objectives.
2. Does the applicant understand the withdrawal restrictions and penalties during the first five years of the contract?
3. If the applicant is filing an annual federal income tax return, is he/she aware that the gain is taxable to them or their beneficiaries **when withdrawn** from the annuity and **not as it is earned** (tax deferred vs. tax free)?
4. Is the applicant looking for a conservative investment product with safety of capital and a return that approximates a bank certificate of deposit (is the applicant risk adverse)?
5. What is the applicant's investment objective during the next five years with this annuity?
 Funds will be needed five or more years away
 Accumulation of funds to leave to beneficiaries upon applicant's death (If this is the goal, is a life insurance product better suited to the client's needs?)
 Other items or needs

Agent Conclusion: A thorough discussion of the above factors in items 2-5 indicates a Hermann Sons Life Fixed Annuity reasonably meets the applicant's financial needs.

Applicant & Date

Agent & Date

Check here if member does not wish to sign

HERMANN SONS LIFE SUMMARY OF TERMS FOR ANNUITIES

Hermann Sons Life offer annuities, which are contracts between Hermann Sons Life and the applicant where Hermann Sons Life agrees to pay the applicant a fixed return over time.

Types of Annuities: An annuity can either be a qualified or a non-qualified annuity. A **non-qualified annuity** is not subject to the IRA or ROTH regulations. Also, contributions are never affected by net income. Additionally, mandatory withdrawals are never required because of your age. A **qualified annuity** is subject to the IRS regulations governing an IRA or ROTH as further explained in IRS Publication 590.

Investment Type: Hermann Sons Life offers a fixed rate annuity, which means it pays a set amount of interest for the year. This interest rate is not tied to the stock market or any other investment market.

Liquidity of an Annuity: A decreasing yearly surrender charge during the first 5 years of the contract is applicable. The surrender charge will only apply to the amount of the surrender or the total withdrawals in a certificate year to the extent that such amount exceeds 10 percent of the accumulation value at the beginning of that certificate year. After 5 years, three withdrawals of funds per year are allowed from the annuity contract unless the annuity is annuitized or a settlement option is selected.

Settlement Options: The Hermann Sons Life annuity contract gives the annuitant options to receive interest withdrawals, lump sum withdrawals, payments for life and limited installments as defined in Page 5 of the contract.

Federal Income Tax Consequences: Non-qualified annuity investment gains are taxed by the IRS when the money is withdrawn from the annuity. Also, this gain is taxed before the non-taxable principal is distributed. Untaxed earnings at the time of the annuity owner's death are taxable income to your beneficiaries over a period of time as specified in the IRS regulations. Qualified and non-qualified annuities are not eligible to be transferred or assigned to any other person.

The gain on the annuity is tax deferred until it is withdrawn from the annuity. At that time, it becomes part of your taxable income at your individual rates. Therefore, the benefits of the earning being tax deferred depends entirely on your individual tax bracket in current and future years.