

## **PROHIBITED TRANSACTION EXEMPTION 84-24 DISCLOSURE STATEMENT**

### **Background**

This disclosure is being provided to you because your advisor (“Advisor”) has recommended to you the purchase of an annuity contract (“Contract”) with funds from an IRA or other retirement plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). This disclosure provides important information for you to consider in determining whether to purchase the recommended annuity contract with IRA or other assets subject to Title I of ERISA. This information is also intended to satisfy the requirements and conditions of U.S. Department of Labor Prohibited Transaction Exemption 84-24.

The product being purchased is: \_\_\_\_\_

The insurance company issuing the product is: \_\_\_\_\_

### **Required Disclosures Pursuant to PTE 84-24**

#### *Best Interest Standard*

- At the time of the recommendation, your Advisor’s advice to you is believed by the Advisor to be in your “best interest.” This means that the Advisor’s advice reflects the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on your investment objectives, risk tolerance, financial circumstances, and needs, without regard to the financial or other interests of the Advisor.

#### *Fees & Charges*

- Any charges or fees which may be imposed under the recommended Contract, including any surrender charges or rider fees, in connection with the purchase, holding, exchange, termination, or sale have been disclosed to you in the form of product brochures or other materials produced by the insurance company issuing the Contract.

#### *Reasonable Compensation*

- If you purchase the recommended product, the insurance company will pay the Advisor a commission as follows:
  - \_\_\_% of the gross annual premium payment for the first year of the Contract; and
  - \_\_\_% of the gross annual premium payments for \_\_\_ years after the first contract year.

*Advisor Affiliations & Limitations*

- Advisors may only sell the products of those insurance companies that have appointed them. Advisors may not be licensed to sell securities products. This limits the ability of advisors to recommend certain products to you.

*Material Conflicts of Interest*

- Your Advisor has a financial interest in the transaction recommended, which could affect his or her best judgment as a fiduciary when recommending the transaction to you. The following are potential Material Conflicts of Interest advisors may experience in providing investment advice:
  - Receipt of Commission: Insurance companies pay advisors a commission at the time you pay a premium to establish a contract, and may also pay commissions at the time of any subsequent renewal or additional deposits made to the contract.
  - Receipt of Other Incentives: Insurance companies, wholesalers, or distributors may offer advisors financial incentives, including, but not limited to: gifts, meals, or entertainment of reasonable value; reimbursement for training, marketing, educational efforts, advertising, or travel expenses to insurance company-sponsored conferences or events; or participation in profit sharing plans or bonus programs.
  - Rollover Recommendations: Advisors have a conflict of interest in recommending you roll over an employer-sponsored retirement plan or IRA to another IRA, because the advisor will earn a commission if you roll over your assets, but would not earn a commission if you did not.
  - Product Recommendations: Recommending an annuity contract may be a conflict of interest, as the commissions paid on annuities are generally higher than those paid in connection with general securities or other non-insurance products.

In addition to the Material Conflicts of Interest listed above, your Advisor also has the following conflicts of interest:

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Advisor Acknowledgement of Disclosure

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

Acknowledgement of Disclosure and Approval of Transaction

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

SAMPLE