

ANNUITY SUITABILITY – Basis of your Recommendation

In completing the Suitability Form for annuity business, you will be asked: **“What is the basis of your recommendation?”** Be prepared to explain why you are recommending this particular product. The definition of Suitability is that you need to **“Know Your Customer”** (KYC), so you need to know what your client needs in terms of their goals and objectives – based upon what they told you. BUT, you must also understand the product well enough to know that it is going to meet and fulfill those goals and objectives – at least with this portion of their financial assets.

ANNUITY SUITABILITY – Advantages and Disadvantages

Depending upon what your client has told you about their goals and objectives etc. here are some basic ideas for the advantages and disadvantages:

Advantages:

- Multiple Index selections
- Potential for better rates than available in bank products
- Interest credits are locked in
- Volatility eliminated
- Correlates well with other holdings
- Upside potential with no risk to principal

Disadvantages:

- __ years of surrender charges
- Very limited liquidity
- Cap and Participation rates will change and may be lower
- no guarantee of positive interest credits
- (If there are fees for an income or liquidity rider, that is also a disadvantage)