

**First Catholic Slovak Ladies Association ("FCSLA")
DOL PTE 84-24 DISCLOSURE FORM**

This Disclosure is being provided in connection with the proposed purchase of an FCSLA qualified fixed annuity product or insurance product in accordance with the ERISA Prohibited Transaction Exemption 84-24 (PTE 84-24). This Disclosure provides important information regarding the proposed sale, product and your Producer's ("Agent") duties and responsibilities to you.

Fiduciary Status: Your agent is independent and is not contractually limited to recommending only FCSLA products. Your agent is a fiduciary, meaning he/she is required to act in your best interests in connection with the proposed sale and agrees to provide advice with due care, skill, and diligence based on your investment objectives, financial circumstances, risk tolerance and other needs. Your agent owes you a duty of loyalty which means he/she must prioritize your financial needs and goals above his/her own financial or other interests or the interests of any other party.

Commission: In connection with the proposed sale, FCSLA will pay your agent a commission equal to ___% of the proposed premium and any future premium payment you make to the product.

If this box is checked, FCSLA will also pay an additional .5% of the proposed premium to the following FCSLA General Agent _____.

Charges, Fees and Penalties: In the event that you terminate the proposed product after the sale is completed, the following fees apply (agent to circle applicable product):

Silver Elite Annuity: 5 year withdrawal penalty: 6% 1st year, decreased by 1% each subsequent year.

Gold Elite Annuity: 7 year withdrawal penalty: 8% 1st year, decreased 1% each subsequent year.

Platinum Elite: 10 year withdrawal penalty: 9% 1st two years, decreased by 1% each subsequent year.

Life Insurance: _____

If you are under age 59 1/2, withdrawals may also be subject to IRS early withdrawal penalties.

Other Material Conflicts of Interest: A material conflict of interest exists if the agent has a financial or other interest that a reasonable person would conclude could affect the exercise of the agent's judgement in rendering advice as a fiduciary. In addition to commissions, potential sales incentive trips or bonuses based on sales, your agent has the following other material conflicts of interest:

AGENT ACKNOWLEDGMENT

I acknowledge that while I am affiliated with FCSLA, I am a fiduciary for the Applicant. I have and will continue to adhere to the DOL/ERISA Best Interest standard of care. I have not made any materially misleading statements to the Applicant in connection with the proposed sale and I have disclosed any material conflict of interest. I agree to maintain records necessary to demonstrate my compliance with DOL PTE-84-24 and make these records available as required, upon request.

Producer's Signature

Date

APPLICANT ACKNOWLEDGMENT

I acknowledge receipt of this Disclosure, have read and understand the material contained herein and approve of proposed sale.

Applicant's Signature

Date

PRODUCER INSTRUCTIONS – DOL PTE 84-24 Disclosure Form

1. When to Use Form:

The Disclosure Form is required to be used in connection with the sale of a qualified annuity or the purchase of life insurance by a retirement plan.

2. Purpose of the Form:

The Disclosure Form must be completed in order to comply with the ERISA and IRS Prohibited Transaction Rules and to receive a commission for the sale of a qualified annuity or the sale of life insurance to a retirement plan.

3. When Disclosure Form Must be Completed:

The Disclosure Form must be completed before or at the same time as the application. **It can not be completed and dated after the application.** Forms that are dated after application will be returned along with the application and will need to be re-executed. In the event of the sale of a new product, a new Disclosure Form must be completed if the most recent one on file is over a year old.

4. Producer's Portion of Disclosure Form to Complete:

- i) The Producer must also circle the correct withdrawal penalty line under the **Charges, Fees and Penalties** Section.
- ii) In the case of life insurance purchased by a retirement plan, the Producer must complete the life insurance line under the **Charges, Fees and Penalties** Section. You may refer the applicant to the Right to Cancel and Nonforfeiture sections of the contract.
- iii) The Producer must sign and date the Disclosure Form.

5. Applicant's Portion of Disclosure Form to Complete:

The Producer must review the Disclosure Form with the applicant who must then sign and date it.

6. Producer's Responsibilities Regarding Sales of Qualified Annuities and Life Insurance to Retirement Plans:

The Producer must meet ERISA/IRS Impartial conduct standards. This means: i) the sale must be in client's best interest; ii) statements made by the Producer in connection with the sale are not materially misleading; and iii) the Producer's compensation must be reasonable. It is your duty to review and understand the attached FSCLA DOL Fiduciary Rule Training Sheet before selling a qualified annuity or life insurance to a retirement plan. If you do not understand the FSCLA DOL Fiduciary Rule Training Sheet, please contact FSCLA National Sales Manager, Paul Smithers, before completing the sale. Furthermore, if you have

a material conflict of interest that needs to be disclosed, you MUST contact FCSLA Compliance Officer, Karen Visocan, at 1-800-464-4642 ext. 1050 **prior** to the sale to discuss the conflict so a determination can be made as to the permissibility of the proposed sale.

7. Parties Who Are Required to Receive Copies of Disclosure Form:

The Producer is required to give a copy of the Disclosure Form to: i) the Applicant; ii) FCSLA (sent in with the application) and iii) retain a copy.

8. Producer Recordkeeping Requirement:

Producer is required to: i) maintain records necessary to demonstrate the exemption rules were followed for 6 years and; ii) make the records available to DOL, IRS and the applicant. Please see attached FSCLA DOL Fiduciary Rule Training Sheet for further explanation.

9. Additional Implications of Rule

i) Suitability Forms: applicants must complete annuity suitability forms for sales of all qualified annuities and **may not waive the use of such forms.**

ii) Producer Training: All Producers must read and understand this Producer Instruction Form along with the FSCLA DOL Fiduciary Rule Training Sheet before selling any qualified annuities or life insurance to a retirement fund. Producers must have participated in a training call or other DOL-Fiduciary Rule training acceptable to FCSLA in order to sell qualified annuities or life insurance to a retirement fund.

FCSLA DOL FIDUCIARY RULE TRAINING SHEET

I. Brief Summary of the Rule

In 2017, the Department of Labor (“DOL”) finalized a Rule that modified the test for determining when a person is a *fiduciary* under the Employee Retirement Income Security Act (“ERISA”). The Rule has gone through several administrations, many years of litigation and review and some areas of non-enforcement. Under the Rule, insurance agents who sell qualified annuities or insurance products to a retirement plan may fall under the *fiduciary* definition. This is important because ERISA and the IRS’ Prohibited Transaction Rules prohibit fiduciaries from engaging in *self-dealing* or transactions that could give rise to *conflicts of interest*. Under these rules, unless an exemption exists, a *fiduciary* cannot receive a commission or other consideration for the sale of a product that the agent recommended to an IRA owner (or ERISA plan) without violating the IRS Prohibited Transaction Rules.

There are a several exemptions to the IRS Prohibited Transaction Rules, some more complex than others. Because FCSLA only offers fixed rate annuities and life insurance products, agents selling only FCSLA products may utilize the PTE 84-24 Exemption. Under PTE 84-24, the receipt of a sales commission for the sale of FCSLA products would permissible under ERISA and IRS Prohibited Transaction Rules as long as the agent meets the PTE 84-24’s requirements.

PTE 84-24 Requirements:

1. Meet impartial conduct standards: i) sale must be in client’s best interest; ii) statements made in connection with the sale are not materially misleading; and iii) compensation must be reasonable
2. Provide Disclosure Form: Agent is required to give applicant disclosure PRIOR to sale stating: i) what commission will be received both initially and each renewal year; ii) a statement of any charges, fees or penalties imposed as a result of purchase and termination of the contract; iii) applicant must sign disclosure saying they approve of the transaction.
3. Recordkeeping: Agent is required to: i) maintain records necessary to demonstrate the exemption rules were followed for 6 years; ii) make the records available to DOL, IRS and the applicant.

II. Explanation of PTE 84-24 Requirements:

A. Impartial Conduct Standards. The “impartial conduct standards,” are consumer protection standards that ensure that advisers adhere to fiduciary norms and basic standards of fair dealing.

i. Best Interest Standard of Care

This means that the agent must act with 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 based on the investment objectives, risk tolerance, financial circumstances and needs of the investor, without regard to the financial or other interests of the agent or any other party.

For example, the recommendation of a particular insurance company must be prudent and the recommendation of the particular insurance contract must also be prudent.

An agent must disclose any limitations on the types of products he/she recommends, and can not recommend a product if it is not a prudent choice for the applicant. If, for example,

it would be imprudent for the applicant to purchase an annuity in light of their liquidity needs, existing assets, lack of diversification, financial resources, or other considerations, the agent should not recommend the annuity purchase, even if that means the agent cannot make a sale.

The agent MAY NOT be a trustee or fiduciary with discretionary authority over the investment of the assets involved.

ii. Materially Misleading Statements

All statements by the agent about the recommended contract, fees and material conflicts of interest must not be materially misleading. The failure to describe a material conflict of interest is deemed to be misleading. The agent may not make misleading statements about the products involved, the investment alternatives, their compensation, and any conflicts of interest.

iii. Reasonable Compensation

The adviser's compensation must be no more than reasonable and the agent cannot receive any additional financial incentives, for example, trips, awards, or bonuses.

B. Disclosure

The Agent must provide the applicant with the attached Disclosure Form. In the Disclosure Form, the Agent represents that he/she is will comply with the Impartial Conduct Standards, act in the applicant's best interests, not make any materially misleading statements and disclose any material conflicts of interest. A material conflict exists when the agent has a financial interest that a reasonable person would conclude could affect the exercise of the agent's best judgment as a fiduciary rendering advice to the applicant. The Agent must also disclose the commission to be received in connection with the sale and any renewals/additional premiums.

The Disclosure Form must be signed by the Agent and the Applicant prior to the sale. Copies of the Disclosure Form are to be given to: i) the Applicant; ii) retained by the Agent and iii) FCSLA with the application. In the Disclosure Form, the Agent represents that he/she is acting in the best interests Material conflict of interest: A material conflict exists when a person has a financial interest that a reasonable person would conclude could affect the exercise of its best judgment as a fiduciary in rendering advice to a plan or IRA.

A Disclosure Form **must be completed for additional sales** if more than one year has passed since the last Disclosure Form was completed.

C. Recordkeeping

The agent is required to maintain records necessary to demonstrate compliance with the Rules for 6 years. Such records would include the Disclosure Form, suitability forms and any other records that show the sale and agent's recommendations were based upon the best interests of the applicant. The agent must make the records available to DOL, IRS and the applicant upon demand.

Instructions for completing the Annuity Application

Section 1: Provide all requested personal information.

Section 2: a) Flexible Premium Deferred: Indicate type of annuity: **FPA(5)0713-5 Year, FPA(7)0713-7 Year, or FPA(10)0415-10 Year**

b) Single Premium Immediate Annuity. Please enter settlement option.

If the annuity will be a Traditional IRA, ROTH, SEP, or SIMPLE, it is a Qualified annuity...respond "Yes" and check the type of Qualified account. Otherwise, the annuity will be Non-Qualified...respond "No".

Please enter tax year for all IRA contributions.

Benefits to Commence at Age: Please enter the age you wish to start receiving annuity payments. This must be completed. Application will be returned if this is left blank.

Section 3: Provide primary and contingent beneficiary information. Use an additional sheet of paper if more space is required. Please sign and date any additional sheets.

Section 4: If you indicated to us that you are transferring funds from another annuity into this new annuity, Replacement is involved. Respond "Yes" on the annuity application, and provide the current company name and contract #. Complete and sign the Replacement of Life Insurance or Annuities form which is attached to this annuity package. This form requires signature of the Agent/Fieldworker/Recommender.

Page 4: All Agents, Fieldworkers and Recommender's must complete and sign this page in order for a commission to be paid.

Required Signatures:

1.) "Signed at" refers to the city and state in which the application is being signed. Enter this information along with the date. The proposed annuitant must sign the application if he/she is age 16 or over. If not yet age 16, parent or guardian must sign.

REQUIREMENTS REGARDING EVIDENCE OF DATE OF BIRTH: Please provide evidence of Date of Birth if applying for new membership. Acceptable documents include: Copy of birth certificate, baptismal certificate, passport or driver's license.

MEMBERSHIP ELIGIBILITY FORM: All new applicants requesting membership must complete and sign the first section of this form.

ANNUITY SUITABILITY:** Please complete the Annuity Suitability and Best Interest Questionnaire for ALL Annuity Applications.

BEST INTEREST: "Insurance Agent (Producer) Disclosure for Annuities" must be completed if required by the Annuitant's state of residence. (Instructions attached to Annuity Application)

DOL PTE 84-24 DISCLOSURE FORM: Must be completed and signed for ALL QUALIFIED annuities. (Instructions attached to Annuity Application).

*****It is important to complete all sections of the annuity application as well as all attached forms. Missing forms and/or incomplete applications will be returned to you. Please keep copies for your records. Thank you for your cooperation.**