Phoenix is strongly committed to complying with regulatory requirements and upholding ethical business practices. Accordingly, Phoenix has implemented a Suitability review process and created guidelines designed to identify and discourage the inappropriate sale of our products. Phoenix will review all incoming applications and consistently monitor pre/post issue activity to ensure compliance with suitability standards, state regulations and company policy. A violation of these guidelines may result in the suspension and/or termination of the producer’s right to sell Phoenix products and reporting by Phoenix to appropriate regulatory and other authorities.

Why is a Suitability Form required?
Most states have adopted a version of the Suitability in Annuity Transactions model law passed by the National Association of Insurance Commissioners (NAIC). This law mandates that all insurance carriers must perform a suitability review on incoming business in order to ensure compliance with regulatory standards. Most importantly, our review team is trying to learn as much as possible about your client’s current financial position and objective for purchase.

Why is the Customer Identification form required?
This form is required to comply with the USA PATRIOT ACT and the Company’s anti-money laundering program. It had previously been part of the Annuity Suitability Questionnaire, but Phoenix determined that additional information needed to be asked.

TIP: Section B is one of the most overlooked sections on this form. We require the client’s current or, if retired, his/her former occupation.

Should my client liquidate their investment prior to submitting the application?
A client should never liquidate their current investment prior to purchase. You should submit a Qualified Transfer/Non-Qualified Exchange request form with the application, and Phoenix will request the funds from the surrendering carrier. If the client has already surrendered their policy, the Suitability Form should still indicate under the source of funds question where the premium is derived from (i.e. a prior annuity) even though the funds themselves may have been moved to a money market, checking or savings account after the surrender of a prior investment.

TIP: If a client does surrender a policy prior to purchasing the annuity, we will still request information regarding the original source of funds.

Most of my paperwork has been approved, can you send out the transfer paperwork now?
Unless all paperwork and training requirements are in good order, the transfer paperwork will not be mailed to the surrendering carrier. We hold the request until all relevant departments have reviewed and accepted the submission.

Will Phoenix provide a guideline of Suitability rules to follow?
Since Suitability review is a multi-step process, there is not a definitive list of rules that can be followed. This is also why we will sometimes call/email you to request additional information for a case.

Are there specific applications that Phoenix will not consider?
Yes, Phoenix will not consider a policy if:
1. You have not completed the required training
2. The source of premium is derived from a mortgage, reverse mortgage, personal loan or home equity line of credit
3. The current contract being replaced is less than 1 year old
4. Your client is receiving nursing care of any kind
5. Your client is entering into a personal services contract
6. The surrender charge incurred is 20% or higher
**When does Phoenix require training?**

Effective March 1, 2013, Phoenix requires product training for all agents prior to solicitation. This must be done through your IMO portal, which will then direct you to SuccessCE. SuccessCE is our web based program which allows you to take the Phoenix product training, purchase the NAIC Suitability in Annuity Transactions course for your state (if required), and order CE courses for your license. NAIC training requirements are dependant upon your state.

**What are some additional requirements I may need for a case?**

- If the replacing policy was issued less than 36 months prior to the application sign date (60 months in CA and MN), you need to submit the client’s most recent statement.
- If replacing a life insurance policy, we require a zero-pay illustration and the most recent annual statement with the suitability form.
- If the replacing policy has a living benefit rider, you must provide: an explanation of the rider, benefit base value, roll-up/step-up, withdrawal % amount by age, when the client can access the funds, etc.
- If your client is still working or does not qualify for Medicare, please confirm if the client has group health insurance through their employer or some other form of coverage.
- If the client is currently invested in a Fixed Annuity, please list the Minimum Guaranteed Interest Rate in the appropriate section of the form.
- If you have indicated on the Customer Identification Form that you did not meet face to face for the sale of this annuity, you must submit a copy of the owner/annuitant’s Driver’s License. This must also be noted on Section 16 of the Application so that Phoenix can mail the appropriate Disclosure Document within the legal time frames provided by state law.
- If you intend to use the annuity as a 72(t)/(q) vehicle, please supply your own calculation and quote of the withdrawal amount.
- If the client’s Net Worth does not equal at least the premium amount + liquid assets, provide a short explanation of this.

**What is considered a liquid asset?**

A liquid asset is one that can be accessed in a short period of time without a penalty or loss of principal:

- Checking/Savings/Money Market funds
- Short term, Penalty Free CDs
- Stocks/Bonds/Penalty Free Mutual Funds
- Cash value of life insurance policies or annuity contracts beyond their surrender charge period

Certain applications require an escalated review. If a person in a below age bracket has fewer liquid assets than described below, Phoenix will escalate that application for enhanced review. You should also review these applications with additional scrutiny to determine if the applicant has sufficient liquidity to invest in long term investment and if the applicant expects any changes to his/her income, expenses, or medical care.

Liquid Asset Triggers by Age:

- Age 0-49- $15,000
- Age 50-64- $20,000
- Age 64-69- $35,000
- Age 70-74- $50,000
- Age 75-79- $55,000
- Age 80+ - $60,000

**TIP: Qualified Retirement Plans and Personal Property are not considered liquid assets.**

**When you request the total surrender/transfer for a client, what penalties should be disclosed?**

Phoenix considers a surrender charge any loss of value or penalty assessed to the client upon replacement (i.e. bonus recapture, surrender charge, MVA, etc.). On the Annuity Suitability Questionnaire, there is a section to provide all of this information separately.

**When my client takes a distribution outside the terms of their living benefit rider, what happens to the living benefit rider?**

The effect of a withdrawal varies by product type. If your client selected a living benefit rider, ensure that you understand the negative impact a withdrawal (including required minimum distributions in some cases) will have on the withdrawal benefit, death benefit and/or care protection coverage.
The client has approached me with interest in purchasing the Phoenix product. Is this a recommendation?

Regardless of who approaches whom, unless you specifically advise the client not to purchase the product, it is considered a recommendation.

**TIP: In the Owner & Agent Confirmation sections, make sure that the checkbox questions are answered, and that the basis for recommendation is filled out completely.**

What if my client is a Non-US Citizen?

All contracts issued to Non-US Citizens are handled on a case by case basis. Corporate Compliance determines whether the policies and/or contracts are issued based on the results of enhanced due diligence performed in accordance with the Company’s Anti-Money Laundering Program.

Submit the following to start the application process:

Non US Citizens who are Non Resident Aliens:
1. Copy of passport
2. Address in the country of permanent residence
3. Occupation, employer name and address. If retired, most recent employer and address
4. Contract must be owned by a US based trust
5. Funds must be in US dollars held in a US financial institution

Non US Citizens who are permanent residents:
1. Copy of permanent resident card (Green Card) front and back
2. Driver’s license
3. Occupation, employer name and address. If retired, most recent employer and address

Phoenix reserves the right to request additional information.

If my case is declined; what are my options?

You may contact us. However, unless you can provide material information that was not disclosed for original consideration, Phoenix will not change our decision.

Phoenix’s denial procedure is to mail you a formal letter via USPS, as well as email a copy if cash was submitted with the application.

Who can I contact if I have questions regarding suitability?

If you have a question regarding a case or need to provide additional information, the most direct way to reach the Suitability Team is via email at suitability@phoenixwm.com.

If you are checking the status of a submitted case, you can speak to a representative in Phoenix’s customer service center at 800-541-0171.