



AGENT GUIDE

## ANNUITY FIELD GUIDE

Multi-Year Guarantee Annuity • Flexible Premium Deferred Annuity  
Single Premium Immediate Annuity

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230 16th Street  
Rock Island, Illinois 61201  
(800) 770-4561, Option 1, Option 5  
[agent.royalneighbors.org](http://agent.royalneighbors.org)



INSURING LIVES  
SUPPORTING WOMEN  
SERVING COMMUNITIES™





**Neighbor-helping-neighbor  
never goes out of style.**

Royal Neighbors of America® was founded on the principle that when we come together, we can make a difference and drive change for the better.

We are a fraternal membership organization, and a community-minded provider of relevant and easy-to-understand life insurance products. Our financial stability and successful business operations allow us to thrive in the charitable and volunteer activities critical to our mission.

For more than 125 years, Royal Neighbors has served the needs of its Members, women, their families, and communities, not only by providing financial security (through life insurance and annuities), but through its platform for Philanthropy.

We call this *Insurance with a Difference*™.



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# DESCRIPTION

This guide has been designed with our “ease of doing business” philosophy in mind. It will help you efficiently process annuity business with Royal Neighbors of America®. Contact our Annuity Team at (800) 627-4762, Option 1, Option 5 for any additional questions you may have regarding the processing of annuity business.

Note: You cannot solicit annuity business before completing Royal Neighbors Product Training and other appointment requirements.

## Completing Application – commonly-missed items

Please use the current application form available on the Royal Neighbors agent website: [agent.royalneighbors.org](https://agent.royalneighbors.org)

### Section 1 – Proposed Owner/Annuitant

- Indicate marital status/sex
- Indicate country/place of birth

If naming a trust, please include a full copy of the trust with application. ID Number, ID Type, and issuer are required.

### Section 3 – Proposed Owner’s Other Insurance

- Indicate proposed Owner’s other life insurance and annuities

### Replacements

- Submit replacement form with application when:
  - Transfer money is coming from another annuity or insurance product
  - Signed state is NAIC state, and Owner has existing insurance or annuities (this is state-required, even if it is not a replacement)

### Section 4 – Beneficiaries

- Include full names, relationship, and DOB (minimum requirement).
- If using separate form for beneficiary designations, it must be signed and dated by Owner.
- Do not use ‘Per Stirpes’ to indicate beneficiary(ies).
- Include Trust documents when Trust is Owner or beneficiary(ies) (name, date, and signature page).

## Section 5 – Type of Annuity

Include plan name:

- Multi-Year Guarantee Annuity (MYGA), sections 5A–5C of Form 211721
- Flexible Premium Deferred Annuity (FPDA), section 5 of Form 211723
- Single Premium Immediate Annuity (SPIA), section 5A of Form 1726

If choosing a qualified plan, please be sure to indicate if it is an IRA, Roth or SEP.

## Transfer Forms – complete Form 2365

- Include street address and phone number so we can expedite mailing to other company.
- Indicate complete or partial transfer.
- Indicate non-qualified or type of qualified transfer/rollover.
- Variable or Mutual Funds are not acceptable.
- **Note:** If joint account with transferring company, it has to be transferred into one Owner’s name before Royal Neighbors requests funds. If joint Annuitants with single Owner, can transfer into a single Annuitant at time of transfer as long as Owner stays the same.
- Agent and Owner need to sign the form.

## Signatures

Designated Power of Attorney (POA) signatures are accepted only if the proposed Owner is a current Member. Submit copy of the POA agreement.

## Submit Application

You can also submit applications via fax at (866) 862-1070.

## Supplemental Required Forms

Check for supplemental required forms in the Product Approval Chart: [agent.royalneighbors.org/secure/products](https://agent.royalneighbors.org/secure/products)





# DESCRIPTION (CONTINUED)

## Annuity-Specific Disclosure Selection Grid

Form Number	Form Name	Product	State Specific?	Notes
8424-21	PTE 84-24 Disclosure and Acknowledgment	FPDA, MYGA, SPIA	No	Only applicable to the transfer of funds from retirement plans covered under the ERISA Act of 1974 (401k, Pensions, Deferred Compensation, Profit Sharing) and IRAs
2978-D	Annuity Insurance Agent Disclosure	FPDA, MYGA, SPIA	Yes	Only applicable in states that have adopted the NAIC Model Reg 275, or a substantially similar version (see Agent Portal and Product Approval Chart – Form 300-S for list of adopted states).
2978-DT	Annuity Insurance Agent Disclosure	SPIA	Yes	Only applicable in states that have adopted the NAIC Model Reg 275, or a substantially similar version (see Agent Portal and Product Approval Chart – Form 300-S for list of adopted states).
1512-POS	Benefit Summary Disclosure	MYGA	Yes	NAIC and non-NAIC versions
1847-OH	Single Premium Annuity Disclosure	MYGA, SPIA	Yes, Ohio only	Disclosure signed at the point of sale by Proposed Annuitant and agent
1844	Disclosure	SPIA	No	Only required if no illustration is signed at the point of sale
10018-FL	Disclosure and Comparison of Annuities	FPDA, MYGA, SPIA	Yes, Florida only	Annuity comparison to be signed at point of sale
10018D-FL	Annuity Suitability Statement	FPDA, MYGA, SPIA	Yes, Florida only	Annuity Suitability comparison to be signed at point of sale

## SUITABILITY SECTION

Your clients' age, income, net worth, liquid assets, and financial objectives are used to determine suitability of annuity premium. Therefore, it is critical that this information be as accurate as possible.

- **Annual gross income:** Indicate the combined household income of spousal/domestic partners prior to deduction of taxes.<sup>#1</sup> Annuities in payout status should be included.
- **Household net worth:** Equals total assets, minus total debt. Do not include the value of primary residence or contents. Examples of assets to include: 401(k), other property, annuities, and business value. Also make sure to include liquid assets, including the premium, for this purchase.

### Suitability Scenarios

The following are examples of cases that **would be considered suitable**:

#### Multi-Year Guarantee Annuity – 5 years

- **5 years** for \$50,000 • Age 75 • Net worth of \$300,000  
Liquid assets of \$40,000 • Income of \$30,000
- Financial objective is protection of principal and transfer of funds to beneficiary(ies)

This would be **considered suitable**. The amount of premium is 17% of person's net worth, and the liquid asset amount assures us that funds would be available in the event of an emergency, without having to surrender annuity.

#### Multi-Year Guarantee Annuity – 10 years<sup>#2</sup>

- **10 years<sup>#2</sup>** for \$40,000 • Age 55 • Net worth of \$100,000  
Liquid assets of \$12,000 • Income of \$25,000
- Qualified funds with financial objective to accumulate for retirement income

This would be **considered suitable**. Client has 10 years until retirement, so funds would not need to be surrendered prior to this. Since the funds are qualified and being transferred into a qualified vehicle, the premium is in line with net worth, and liquid assets are close to 50% of person's income, indicating funds are available for emergency.

<sup>#1</sup> As an agent you are not permitted to offer, and no statement contained herein shall constitute tax, legal or investment advice. You should consult with a legal or tax professional on any such matters

<sup>#2</sup> California has a 9-year MYGA instead of a 10-year. (Form Series 21211512-CA). Florida consumers only: The 10-year MYGA (Form Series 21211512-FL-10-65) does not have a repeating Withdrawal Charge period for applicants age 65+.





## SUITABILITY SECTION (CONTINUED)

The following are examples of cases that **would not be considered suitable**:

### Multi-Year Guarantee Annuity – 5 years

- 5 years for \$150,000 • Age 78 • Net worth of \$250,000  
Liquid assets of \$10,000 • Income of \$15,000
- Financial objective to accumulate for retirement income

This would be **considered unsuitable**. The annuity amount is higher than an acceptable percent of the net worth to ensure a balanced portfolio. Older age and low liquid assets potentially have a greater risk to surrender in first five years.

### Single Premium Immediate Annuity (SPIA)

- For \$150,000 • Age 80 • Net worth of \$200,000  
Liquid assets of \$25,000
- Financial objective is to transfer funds to beneficiary(ies)

This would be **considered unsuitable**. The SPIA is a product that is usually not selected for funds transfer. Upon death, this product would continue to provide income payments to beneficiary(ies) and not a lump sum. Also the amount is 75% of the person's net worth, and we recommend a more balanced portfolio.

### Annuity Suitability

The NAIC Annuity Suitability Working Group drafted and approved the new Model Regulation #275 – Suitability in Annuity Transactions Model Regulation, which was adopted by Membership in February of 2020.

The revised model requires insurance producers and carriers to act in the “best interest” of the consumer, without putting their financial interests ahead of the consumer's when recommending an annuity product.

## FREQUENTLY ASKED QUESTIONS AND ANSWERS

### 1. What do I need to know about interest rate changes?

- **When rates are decreasing:**
  - We hold the current interest rate for 35 days on MYGAs from the date of a rate change, if the transaction involves a 1035 exchange, or direct transfer of funds. Applications must be received on or before the last day of the old rate.
- **When rates are increasing:**
  - We will issue at the new higher rate when the funds are received.

### 2. Are the commissions based on the age of the Owner or Annuitant?

- No.

### 3. Is there ever a charge-back of commissions?

- If there is a death claim after the first Certificate year? **No.**
- If the Certificate is not accepted by the client during the free look period? **Yes, 100% chargeback.**
- If the Certificate is surrendered outside of the free look period? **No.**
- If the Owner dies in the first Certificate year? **Yes, 100% chargeback.**

### 4. Can a corporation own an annuity?

- No.

### 5. What are the Minimum and Maximum Premium amounts Royal Neighbors will accept?

- Subject to suitability, the premium amounts in the table below apply.

### 6. Can I add money to a MYGA after it has been issued?

- No. However, we will accept transfer exchange funds, if indicated on original application, within 35 days of issue.

### 7. Can the client take the interest only from her/his annuity?

- If the MYGA accumulation value is at least \$10,000, interest earned can be taken<sup>#3</sup> by the Owner on an automatic basis by check or direct deposit into her/his bank account. The client will need to complete the Election of Automatic Interest Withdrawal, Form 1873. If direct deposit, the Direct Deposit Authorization Agreement, Form BP 1207, and a voided check must be submitted.<sup>#4</sup>
- Partial withdrawals from the FPDA may not be less than the Minimum Partial Withdrawal Amount shown in the Certificate (\$500). Also, there is an Annual Administrative Fee of \$15 that will be charged at the end of each Certificate Year if the Account Value is less than the amounts shown in the Table of Threshold for Annual Administrative Fee Table in the Certificate.

<sup>#3</sup> These amounts can be taxable.

<sup>#4</sup> A 10% federal tax penalty may apply to certain distributions if taken before the Owner's age 59½.





# FREQUENTLY ASKED QUESTIONS AND ANSWERS (CONTINUED)

- Otherwise, if there is at least \$500 of accumulated interest, the client may withdraw by calling Customer Service at (800) 627-4762.
- Interest earned may be withdrawn at anytime without Surrender Charges or MVA.
- This is not applicable to a Single Premium Immediate Annuity (SPIA).

## 8. Can you accept variable or mutual funds?

- No, those type of funds are not acceptable.

## 9. How long can an annuity application be open pending funds?

- An annuity must be funded within 90 days of the application date.

## 10. What are the death benefits?

- MYGA death benefit proceeds will be paid on the death of the Owner, and will be the Account Value without any Surrender Charge or Market Value Adjustment.

## • Flexible Premium Deferred Annuity (FPDA) product:

- **Death of Owner** – Proceeds paid on the death of the Owner shall equal the Account Value.
- **Death of Annuitant** – If the Annuitant is **other than** the Owner, and dies before the Maturity Date, then unless the Owner designates a substitute Annuitant within 60 days from the date of the death of the Annuitant (or immediately upon Owner's death if the Owner dies before designating an Annuitant), the Owner shall become the Annuitant; provided, however, if the Owner is not a natural person, then upon the death of the Annuitant, the Account Value will be paid to the Owner.

## • Single Premium Immediate Annuity (SPIA) product:

- Income payments, as selected on the application, continue to be paid to beneficiary(ies) or joint Annuitant if applicable.

Product	Minimum Premium	Maximum <sup>#5</sup> Premium
MYGA	\$10,000	\$1,000,000; premiums greater than \$500,000 require Home Office approval.
FPDA	\$100 monthly on PAC \$1,200 annually	Maximum \$25,000 per year, up to \$300,000 lifetime maximum
SPIA	\$5,000	\$300,000

# CONTACT US

## Web: [agent.royalneighbors.org](http://agent.royalneighbors.org)

- Download forms and applications, and order supplies
- See status of pending business
- See commissions
- Run illustrations/quotes
- Look up Certificates
- Get enhanced training
- Get the latest Royal Neighbors news
- Contact Royal Neighbors

## Phone: (800) 627-4762

- Agent Press 1
- Pending applications Press 1

## Certificate Changes or Risk Assessment

- Commissions or 1099s Press 2
- Contracting and licensing Press 3
- Certificate information Press 4
- Other agent inquiries Press 5

**Mail:** Royal Neighbors of America®  
230 16th Street  
Rock Island, IL 61201-8645

<sup>#5</sup> *If the premium is over \$500,000, you must receive pre-approval. Prior to writing the application, you will need to submit Annuity Exception Questionnaire, Form 10019. Fax to: (866) 862-1070, ATTN: Annuity Team. Your request will be reviewed, and you will be notified of the decision.*





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## THANK YOU

for choosing to sell Royal Neighbors insurance and annuities.

We want to enable you to sell, serve, and succeed.

We also want to help you help your clients protect their family

while giving them various opportunities to give back to their community.



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