Revol One Insurance Company Suitability Guide

Introduction

Revol One Insurance Company (referred to herein by its marketing name "Revol One Financial") is committed to ensuring that all recommendations to purchase a Revol One Financial annuity are suitable for your clients. Before making an annuity recommendation, you must obtain all required information about your client's financial needs and objectives, conduct due diligence of products, and provide appropriate disclosure to your client. This will ensure that you are prepared to make the most appropriate recommendation possible for your client.

What is Suitability?

Suitability refers to the determination of whether an annuity recommendation is reasonable given your client's circumstances and whether the annuity meets the client's financial needs and objectives at the time of the purchase. When making a suitability assessment, you should consider your client's financial situation, including risk tolerance, income, liquidity, age and retirement needs and objectives.

What Information should be reviewed?

Factors for suitability review include, but are not limited to:

- Age
- Assets
- Current and expected annual income
- Current and expected financial situation and needs, including debts
- Financial experience
- Financial objectives
- Insurance needs
- Liquid assets and liquidity needs
- Purpose of the annuity

- Risk Tolerance
- Tax status

Annuity products offer limited liquidity. To fund an annuity, a client should use funds intended for long-term growth, and not use funds needed at the time of purchase or in the short term. A determination must be made as to whether your client will have sufficient income, liquid assets, and emergency funds outside of the annuity for living expenses. Your client should not have an immediate need (except in the case of the purchase of an immediate or income annuity) to access the funds placed in the annuity or a need to take withdrawals or other distributions from the proposed annuity during its surrender charge period. Overall, a client should not have an excessive amount of their overall net worth in annuities. Anticipated life events, such as a changes in income, employment and health status, should also be considered.

What are the Responsibilities of a Financial Professional?

When recommending that your client purchase an annuity, your responsibilities include the following:

- Gather sufficient information regarding your client's financial situation
- Discuss the annuity with your client to ensure that the annuity is consistent with their financial needs and goals
- Provide your client with all relevant information to make an informed decision
- Document conversations with your client and keep notes regarding your recommendation
- Maintain a client file and retain the documentation consistent with applicable law (you should maintain the documentation while the annuity is in force and for several years after)
- Understand and comply with applicable suitability laws and regulations; and
- Make sure your clients understand that annuities are for long-term savings purposes and have limited liquidity
- Also, make sure your client understands that withdrawing money during the surrender charge period may subject them to surrender charges, market value adjustments, and IRS early distribution penalties, and may adversely affect certain annuity riders or features

What are the factors that could make a sale unsuitable?

The following are some of the factors that could make an annuity sale unsuitable:

- Insufficient liquid assets

- Insufficient annual household income or emergency funds
- Proposed premium is a substantial amount of the client's net worth or the premium amount is otherwise too high relative to the client's net worth
- Time horizon of the annuity is inconsistent with the client's goals
- Undisclosed replacement
- Replacement annuity where the existing annuity contract has been in force for a relatively short period of time, especially when the existing annuity was sold to the client by you.

What assets are considered "liquid assets"?

"Liquid assets" are assets that can be readily converted to cash without incurring surrender charges and/or tax penalties.

Examples of liquid assets include checking, savings and money market accounts, Certificates of Deposit without penalties, securities sold without penalties, annuities out of surrender charge period and retirement accounts that can be assessed without penalty.

Examples of non-liquid assets include real estate, vehicles, long-term investments, personal property, reverse mortgages and home equity loan/line of credit funds.

Working with Revol One Financial™

Revol One Financial requires that your client complete the Suitability Questionnaire and submit it with the application for an annuity. You are also required to complete and sign a section of the form. Revol One Financial will perform the suitability review based, in part, on the information provided on this form. It is important for Revol One Financial to understand the basis of your recommendations. If responses and information on this form is missing, insufficient or conflicts with other information provided, Revol One Financial will likely request additional information. Revol One Financial will not accept or consider annuity applications when suitability information has not been provided.

You should also consider the following when recommending a Revol One Financial annuity.

The following are examples of circumstance in which Revol One Financial will not issue an annuity and/or request additional information.

- The client has a minimal net worth
- The client has no liquid assets

- The source of the premium is from a mortgage, home equity line of credit or personal loan
- The client holds a reverse mortgage (even if the source of premium is other than the reverse mortgage)
- A replacement annuity where the existing annuity contract has been in force less than 60 months
- A replacement annuity where your client will incur excessive surrender charges on the existing annuity
- The purchase is intended to conceal assets in order to qualify your client for Medicaid, or any other similar state or federal aid programs
- The client resides in a nursing home, has any form of cognitive impairment, or has been diagnosed with a terminal illness

Important Information

Revol One Financial™ is the marketing name for Revol One Insurance Company. Revol One Insurance Company is responsible for its own financial and contractual obligations. Revol One Insurance Company is not authorized to conduct business in the state of New York.

This material is intended to provide educational information. This material should not be considered, and does not constitute, investment, legal or tax advice or recommendations. Revol One Insurance Company is not acting in any fiduciary capacity with respect to any annuity contract.

The term “financial professional” is not intended to imply engagement in an advisory business with compensation unrelated to sales. Financial professionals will be paid a commission on the sale of an annuity.