

# Annuity Disclosures

This guide is derived from NAIC Model Regulations, Acts, and/or Bulletins. Because states independently determine whether to adopt NAIC Models—and may do so in whole, in part, or with state-specific modifications—requirements can vary by jurisdiction. CEFLI Oversight Guides provide checklists of potential oversight elements to help support regulatory compliance. The guides and any referenced resources are not legal advice. CEFLI Member Companies should ensure their oversight programs reflect their specific product portfolios, distribution strategies, risk tolerances, internal controls and prior market conduct examination findings. Member Companies should carefully evaluate and incorporate unique state regulatory requirements, including any deviations from NAIC Models, in the states where they conduct business.

## Helpful Resources

- [NAIC Market Regulation Handbook 2025, Volume 1-IV](#)
- [NAIC Annuity Disclosure Model Regulation \(#245\)](#)
- [NAIC Annuity Disclosure Model Regulation \(#245\) Adoption Chart](#)
- [Annuity Disclosure Provisions NAIC Summary \(LI-35\)](#)
- [Buyer's Guide for Deferred Annuities](#) (NAIC Current 2013 Version; format revised in 2022)
- [Buyer's Guide for Fixed Deferred Annuities](#) (NAIC Current 2013 Version; format revised in 2022)

## Scope of the Regulation

- **Includes.** The regulation applies to group and individual annuity contracts unless noted in the paragraphs below.
- **Excludes.** The regulation excludes certain annuities.
  - It excludes immediate and deferred annuities that do not contain non-guaranteed elements. Refer to section 3.A.
  - It excludes annuities to fund employee pension plans covered by ERISA, a plan under the IRC where the plan, for purposes of ERISA, is established or maintained by an employer, a government or church plan (under Section 414) or a state or local government plan (under Section 457) of the IRC, and a nonqualified deferred compensation arrangement established or maintained by an employer or plan sponsor. Refer to section 3.B.(1).
  - Despite the exclusions above, the regulation applies to annuities used to fund a plan or arrangement that is funded solely by contributions an employee elects to make and where the insurer has been notified that plan participants may choose from among two or more fixed annuity providers and there is a direct solicitation (excludes purely educational and/or enrollment meetings) of an individual employee by a producer for the purchase of an annuity contract. Refer to section 3.B.(2).
  - Non-registered variable annuities issued exclusively to an accredited investor or qualified purchaser sold in a transaction that is exempt from registration under the Securities Act of 1933. Refer to section 3.C.
  - Transactions involving variable annuities or other registered products in compliance with SEC and FINRA rules relating to disclosures and illustrations, provided that compliance with Section 5 is required until such time as the SEC adopts a summary prospectus rule or FINRA has approved a simplified disclosure form applicable to variable annuities or other registered products. Refer to section 3.D.(1). However, the NAIC amended the regulation during the 2013 Fall National Meeting by adopting the following guidance:



*“Drafting Note: States should be aware that the provision in paragraph (1) above requiring transactions involving variable annuities and other registered products to comply with the requirements of Section 5 of the regulation after Jan. 1, 2014 unless the U.S. Securities and Exchange Commission (SEC) adopts a summary prospectus rule or the Financial Industry Regulatory Authority (FINRA) approves for use a simplified disclosure form applicable to variable annuities or other registered products could be preempted by the National Securities Markets Improvement Act of 1996 (NSMIA). NSMIA prohibits the States from making laws establishing record-making or record-keeping requirements for broker-dealers. Given this, in adopting this regulation, States may want to omit the language in paragraph (1) above that eliminates the exemption for these transactions after Jan. 1, 2014 and, as a consequence, would require broker-dealers to comply with Section 5 of this regulation unless or until the SEC or FINRA takes the delineated action. States should consider only adopting the language from paragraph (1) above that exempts transactions involving variable annuities and other registered products in compliance with the SEC and FINRA rules relating to disclosures and illustrations from having to comply with the regulation.”*

- Despite the above, delivery of the Buyer’s Guide is required in the sale of variable annuities. Refer to section 3.D(2).
- Structured settlement annuities. Refer to section 3.E.
- Charitable gift annuities and funding arrangements (if the state adopted those provisions of the Model). Refer to section 3.F. and 3.G.

## Standards for the Disclosure Document and the Buyer’s Guide

- Face-to-Face Requirements.** If an annuity application is taken in a face-to-face meeting, at or before the time of application the applicant must be provided with the disclosure document and the Buyer’s Guide. Refer to section 5.A.(1).
- Requirements for Sales Conducted Other Than Face-to-Face.** If an annuity application is taken by a means other than in a face-to-face meeting, providing a Buyer’s Guide and a disclosure document in a mailing inviting a prospective applicant to apply for an annuity contract shall be deemed to satisfy the requirement that the disclosure document be provided no later than five (5) business days after receipt of the application. Refer to section 5.A.(2)(a).
- Requirements for Sales Conducted Other Than Face-to-Face Via the Internet.** If an annuity application is received via the internet, taking reasonable steps to make the Buyer’s Guide available for viewing and printing on the insurer’s website shall be deemed to satisfy the requirement that the Buyer’s Guide be provided no later than five (5) business day of receipt of the application. Refer to section 5.A.(2)(b).
- Requirements for Sales Conducted Other Than Face-to-Face.** If the solicitation of an annuity application occurs other than via a face-to-face meeting, disclosure that the proposed applicant may contact the insurance department for a free annuity Buyer’s Guide must be provided. Alternatively, an insurer may include a statement that the prospective applicant may contact the insurer for a free annuity Buyer’s Guide. Refer to section 5.A.(2)(c).
- 15-Day Free Look.** Where the Buyer’s Guide and disclosure document are not provided at or before the time of application, a free-look period of no less than fifteen (15) days must be provided for the applicant to return the annuity contract without penalty. This free look can run concurrently with any other free look requirements. Refer to section 5.A.(2)(d).



## Standards for the Disclosure Document

- Contract Name and Form Number.** Generic name of the contract, the company product name, if different, the form number and the fact it is an annuity. Refer to section 5.B.(1).
- Insurer Information.** Insurer's legal name, physical address, website address and telephone number. Refer to section 5.B.(2).
- Contract Description and Contract Benefits.** Description of the contract and its benefits, emphasizing its long-term nature, including examples as appropriate:
  - The guaranteed and non-guaranteed elements of the contract, and their limitations, if any, including for fixed indexed annuities, the elements used to determine the index-based interest, such as the participation rates, caps or spread, and an explanation of how they operate. Refer to section 5.B.(3)(a).
  - An explanation of the initial crediting rate, or for fixed indexed annuities, an explanation of how the index-based interest is determined, specifying any bonus or introductory portion, the duration of the rate and the fact that rates may change from time to time and are not guaranteed. Refer to section 5.B.(3)(b).
  - Periodic income options both on a guaranteed and non-guaranteed basis. Refer to section 5.B.(3)(c).
  - Any value reductions caused by withdrawals from or surrender of the contract. Refer to section 5.B.(3)(d).
  - How values in the contract can be accessed. Refer to section 5.B.(3)(e).
  - The death benefit, if available and how it will be calculated. Refer to section 5.B.(3)(f).
  - A summary of the federal tax status of the contract and any penalties applicable on withdrawal of values from the contract. Refer to section 5.B.(3)(g).
  - Impact of any rider, including, but not limited to, a guaranteed living benefit or long-term care rider. Refer to section 5.B.(3)(h).
- Charges and Fees.** Specific dollar amount or percentage charges and fees must be listed with an explanation of how they apply. Refer to section 5.B.(4).
- Rates.** Information about the current guaranteed rate or indexed crediting rate formula, if applicable, for new contracts that contains a clear notice that the rate is subject to change. Refer to section 5.B.(5).
- Terms Used.** Terms must be defined in a language that facilitates understanding by a typical person within the segment of the population to which the disclosure statement is directed. Refer to section 5.C.

## Annuity Illustrations: General Requirements

- Compliance.** Illustrations must comply with the regulation. Refer to section 6.A.
- Labeled as an Illustration.** An illustration must be clearly labeled as an illustration. Refer to section 6.A.(1).
- Reference to the Buyer's Guide and Disclosure Document.** A statement referring consumers to the disclosure document and the Buyer's Guide for additional information about their annuity must be provided at the time of purchase. Refer to section 6.A.(2).
- Authorized Software.** Illustrations must be prepared by the insurer or third-party using software that is authorized by the insurer and the insurer must maintain a system of control over the use of illustrations. Refer to section 6.A.(3).
- Group and Multiple Lives.** Illustrations for group annuity contracts and illustrations for contracts issued to a single applicant on multiple lives may be either an individual or composite illustration. Refer to section 6.B.



- Non-guaranteed Element Descriptions.** Non-guaranteed elements may not be described in a manner that could mislead. Refer to section 6.D.(1).
- Non-guaranteed Representations.** Non-guaranteed elements may not state or imply that the payment or amount of non-guaranteed elements is guaranteed. Refer to section 6.D.(2).
- Completeness.** Illustrations may not be incomplete. Refer to section 6.D.(3).
- Costs and Fees.** Costs and fees must be individually noted and explained. Refer to section 6.E.
- Date of Preparation.** The illustration must be labeled with the date it was prepared. Refer to section 6.F.(1).
- Page Numbers.** Each page must be numbered and show its relationship to the total number of pages (e.g., “page 4 of 7 pages”). Refer to section 6.F.(2).
- Assumed Premium and Benefit Payout.** The assumed dates of premium receipt and benefit payout within a contract year must be identified. Refer to section 6.F.(3).
- Insured’s Age.** If the age of the proposed insured is shown as a component of the tabular detail, it must be the issue age plus the numbers of years the contract is assumed to have been in force. Refer to section 6.F.(4).
- Assumed Premium.** The assumed premium on which the illustrated benefits and values are based must be clearly identified, including rider premium for any benefits being illustrated. Refer to section 6.F.(5).
- Charges for Riders and Features.** Any charges for riders or other contract features must be recognized in the illustrated values and include a statement indicating the nature of the rider benefits or the contract features and whether or not they are included in the illustration. Refer to section 6.F.(6).
- Surrender Values and Death Benefits.** Guaranteed death benefits and values available upon surrender for the illustrated contract premium must be shown and clearly labeled as guaranteed. Refer to section 6.F.(7).
- Underlying Non-Guaranteed Elements.** Except as provided in the “**Participating Immediate and Deferred Income Annuities**” section below, regarding the requirements of section 6.F.(22), non-guaranteed elements underlying the non-guaranteed illustrated values may be no more favorable than the current non-guaranteed elements and may not include assumed future improvements. Non-guaranteed elements used in calculating non-guaranteed illustrated values at any future duration must reflect any planned changes, including any planned changes that may occur after the expiration of an initial guaranteed or bonus period. Refer to section 6.F.(8).
- Reference to Guaranteed Elements.** The guaranteed elements, if any, must be shown before corresponding non-guaranteed elements and be referred to on each page of an illustration that shows or describes only the non-guaranteed elements (e.g., “see page 1 for guaranteed elements”). Refer to section 6.F.(10).
- Accumulation Value.** The account or accumulation value of a contract, if shown, must be identified by the name the value is given in the contract and be shown in close proximity to the corresponding value available upon surrender. Refer to section 6.F.(11).
- Surrender Value.** The value available upon surrender must be identified by the name the value is given in the contract being illustrated and must be the amount available to the contract owner in a lump sum after deduction of surrender charges, bonus forfeitures, contract loans, contract loan interest and application of any market value adjustment, as applicable. Refer to section 6.F.(12).
- Format.** Illustrations may show contract benefits and values in graphic or chart form in addition to the tabular form. Refer to section 6.F.(13).



- Illustration of Non-guaranteed Elements.** Any illustration of non-guaranteed elements must be accompanied by a statement indicating: (a) the benefits and values are not guaranteed; (b) the assumptions on which they are based are subject to change by the insurer; and (c) actual results may be higher or lower. Refer to section 6.F.(14).
- Interest and Income Rates.** Illustrations based on non-guaranteed credited interest and non-guaranteed annuity income rates must contain equally prominent comparisons to guaranteed credited interest and guaranteed annuity income rates, including any guaranteed and non-guaranteed participation rates, caps or spreads for fixed indexed annuities. Refer to section 6.F.(15).
- Income Rate Illustrated.** The annuity income rate illustrated may not be greater than the current annuity income rate unless the contract guarantees are in fact more favorable. Refer to section 6.F.(16).
- Concise and Easy to Read Format.** Illustrations must be concise and easy to read. Refer to section 6.F.(17).
- Defining Terms Used.** Key terms must be defined and used consistently. Refer to 6.F.(18).
- Limit to Duration of the Values Shown.** Illustrations shall not depict values beyond the maximum annuitization age or date. Refer to section 6.F.(19).
- Annuitization Benefits.** Annuitization benefits shall be based on contract values that reflect surrender charges or any other adjustments, if applicable. Refer to section 6.F.(20).
- Showing Annuity Income Rates.** Illustrations must show both annuity income rates per \$1000 and the dollar amounts of the periodic income payable. Refer to section 6.F.(21).
- Contracts with Market Value Adjustments.** If the annuity contains a market value adjustment (MVA):
  - The MVA must be referred to as such throughout the illustration.
  - The narrative must include an explanation, in simple terms, of the potential effect of the MVA on the value available upon surrender.
  - The narrative must include an explanation, in simple terms, of the potential effect of the MVA on the death benefit.
  - The illustration must include the statement: *When you make a withdrawal the amount you receive may be increased or decreased by a Market Value Adjustment (MVA). If interest rates on which the MVA is based go up after you buy your annuity, the MVA likely will decrease the amount you receive. If interest rates go down, the MVA will likely increase the amount you receive.*
  - Illustrations must describe both the upside and the downside aspects of the contract features relating to the market value adjustment.
  - The illustrative effect of the MVA must be shown under at least one positive and one negative scenario. This demonstration shall appear on a separate page and be clearly labeled that it is information demonstrating the potential impact of an MVA.
  - Actual MVA floors and ceilings, as listed in the contract, must be illustrated.
  - If the MVA has significant characteristics not addressed by the first six bullet points above, the effect of such characteristics must be shown.Refer to section 6.I.

### Annuity Illustrations: Determining and Displaying Non-guaranteed Values for Indexed Products

In addition to the requirements in this section, refer to the “*Annuity Illustrations: Numeric Summary Requirements*” and the “*Annuity Illustrations: Narrative Summary Requirements*” sections of this guide for more information concerning indexed annuity disclosure requirements.

- Scenarios to Illustrate.** In determining the non-guaranteed illustrated values for a fixed indexed annuity, the index-based interest rate and account value must be calculated for three different scenarios: a.) one to reflect



historical performance of the index for the most recent ten (10) calendar years; b.) one to reflect the historical performance of the index for the continuous period of ten (10) calendar years out of the last twenty (20) calendar years that would result in the least index value growth (the “low scenario”); and c.) one to reflect the historical performance of the index for the continuous period of ten (10) calendar years out of the last twenty (20) calendar years that would result in the most index value growth (the “high scenario”). Refer to section 6.F.(9).

- Values as of Prior December 31.** The most recent ten (10) calendar years and the last twenty (20) calendar years are defined to end on the prior December 31, except for illustrations prepared during the first three (3) months of the year, for which the end date of the calendar year period may be the December 31 prior to the last full calendar year. Refer to section 6.F.(9)(a).
- Index in Existence for Less Than 10 Years.** If any index utilized in the determination of an account value has not been in existence for at least ten (10) calendar years, indexed returns for that index may not be illustrated. If the fixed indexed annuity provides an option to allocate account value to more than one indexed or fixed declared rate account, and one or more of those indexes has not been in existence for at least ten (10) calendar years, the allocation to such indexed account(s) shall be assumed to be zero. Refer to section 6.F.(9)(b).
- Index in Existence for 10-20 Years.** If any index utilized in determination of an account value has been in existence for at least ten (10) calendar years but less than twenty (20) calendar years, the ten (10) calendar year periods that define the low and high scenarios shall be chosen from the exact number of years the index has been in existence. Refer to section 6.F.(9)(c).
- Limits on Non-guaranteed Elements.** Non-guaranteed element(s) (e.g., caps, spreads, participation rates or other interest crediting adjustments) used in calculating the non-guaranteed index-based interest rate may be no more favorable than the corresponding current element(s). Refer to section 6.F.(9)(d).
- Allocating to Multiple Indices or Fixed Rates.** If a fixed indexed annuity provides an option to allocate the account value to more than one indexed or fixed declared rate account the allocation used in the illustration must be the same for all three scenarios and the ten (10) calendar year periods resulting in the least and greatest index growth periods shall be determined independently for each indexed account option. Refer to section 6.F.(9)(e).
- Geometric Mean Rate.** The geometric mean annual effective rate of the account value growth over the ten (10) calendar year period must be shown for each scenario. Refer to section 6.F.(9)(f).
- Handling Limited Historical Index Periods.** If the most recent ten (10) calendar year historical period experience of the index is shorter than the number of years needed to fulfill the requirement noted in the model regulation addressed in the “Annuity Illustrations – Numeric Summary Requirements” section of this guide (pertaining to section 6.H. of the regulation), the most recent ten (10) calendar year historical period experience of the index shall be used for each subsequent ten (10) calendar year period beyond the initial period for the purpose of calculating the account value for the remaining years of the illustration. Refer to section 6.F.(9)(g).
- Low and High Scenarios – 10-Year Limit.** The low and high scenarios need not show surrender values (if different than account values), may not extend beyond ten (10) calendar years [and therefore are not subject to the requirements of subsection 6.H. of the model regulation beyond subsection H(1)(a)], and may be shown on a separate page. A graphical presentation shall also be included comparing the movement of the account value over the ten (10) calendar year period for the low scenario, the high scenario and the most recent ten (10) calendar year scenario. Refer to section 6.F.(9)(h).
- Low and High Scenarios – Irregular Nature.** The low and high scenarios must reflect the irregular nature of the index performance and should trigger every type of adjustment to the index-based interest rate under the contract. The effect of the adjustments should be clear. For example, additional columns showing how the adjustment applied may be included. If an adjustment to the index-based interest rate is not triggered in the



illustration (because no historical values of the index in the required illustration range would have triggered it), the illustration should indicate such. Refer to section 6.F.(9)(i).

### Annuity Illustrations: Participating Immediate and Deferred Income Annuities

- Illustrations may not assume any future improvement in the applicable dividend scale (or scales, if more than one dividend scale applies, such as for a flexible premium annuity). Refer to section 6.F.(22)(a).
- Illustrations must reflect the equitable apportionment of dividends, whether performance meets, exceeds or falls short of expectations. Refer to section 6.F.(22)(b).
- If the dividend scale is based on a portfolio rate method, the portfolio rate underlying the illustrated dividend scale shall not be assumed to increase. Refer to section 6.F.(22)(c).
- If the dividend scale is based on an investment cohort method, the illustrated dividend scale should assume that reinvestment rates grade to long-term interest rates, subject to the following conditions:
  - Any assumptions as to future investment performance in the dividend formula must be consistent with assumptions that are reflected in the marketplace within the normal range of analyst forecasts and investor behavior. These assumptions may not be changed arbitrarily, notwithstanding changes in markets or economic conditions and must be consistent with assumptions that the issuer uses with respect to other lines of business.
  - The illustrated dividend scale should assume that reinvestment rates grade to long-term interest rates, based on U.S. Treasury bonds. For the purposes of this grading, the assumed long-term rates should not exceed the rates calculated using the formula in subparagraph iii, below, based on the time to maturity or reinvestment (the “Tenor”) of the investments supporting the cohort of policies.
  - Maximum long-term interest rates should be calculated for tenors of 3 months (or less), 5 years, 10 years and 20 years (or more), using U.S. Treasury rates. For each tenor, the maximum long-term interest rate will vary over time, based on historical interest rates as they emerge. The formula for the maximum long-term interest rate is the average of the median bond rate over the last 600 months and the average bond rate over the last 120 months, rounded to the nearest quarter of one percent (0.25%).
  - The maximum long-term interest rate for a tenor should be recalculated once per year, in January, using historical rates as of December 31 of the calendar year two years prior to the calendar year of the calculation date. The historical rate for each month is the rate reported for the last business day of the month.
  - Grading to the maximum long-term interest rates should take place over: (I) no less than 20 years from issue if U.S. Treasury rates as of the illustration date are below the long-term rates; or (II) no more than 20 years from the issue if the U.S. Treasury rates as of the illustration date are above the long-term rates.
  - When the 10-year U.S. Treasury rate is less than the 10-year maximum long-term interest rate, an additional illustrated dividend scale should be presented. This additional illustrated dividend scale shall satisfy the following conditions: (I) assume that reinvestment U.S. Treasury rates do not exceed the initial investment U.S. Treasury rates, and (II) illustrate dividends no less than half of the dividends illustrated under the current dividend scales. (III) if (a) and (b) above are in conflict—i.e., if half of the current dividends are greater than would be permitted by Condition (a)—then the reinvestment U.S. Treasury rates should equal the initial investment U.S. Treasury rates.
  - The illustration must include a disclosure that is substantially similar to the following:  
*The illustrated current dividend scale is based on interest rates that are assumed to gradually [increase/decrease] from current interest rates to long-term interest rates, over a period of [twenty] years. By regulation, the long-term assumed interest rates cannot and do not exceed the rates listed in column (c) of the table below.*

If the illustration contains an additional dividend scale pursuant to the requirements specified two bullet points above (i.e., “When the 10-year...”), then the illustration must include a disclosure substantially similar to the following:

The additional illustrated dividend scale is based on interest rates that are assumed no to increase and do not exceed the interest rates in column (b) of the table below.

Tenor	Current Interest Rate	Long Term
	Treasury Rate as of 12/31/2016	Mean Reversed Treasury Rate
3 Month (or less)	0.51%	3.00%
5 Year	1.93%	4.50%
10 Year	2.45%	5.00%
20 Years (or more)	3.06%	5.50%

Refer to section 6.F.(22).

## Annuity Illustrations: Narrative Summary Requirements

**Contract Features.** A brief description of any contract features, riders or options, guaranteed and/or nonguaranteed, shown in the basic illustration and the impact they may have on the benefits and values of the contract. Refer to section 6.G.(1).

**Optional Benefits and Features.** A brief description of any other optional benefits or features that are selected but not shown in the illustration and the impact they have on the benefits and values of the contract. Refer to section 6.G.(2).

**Column Headings and Terms.** Identification and a brief definition of column headings and key terms used in the illustration. Refer to section 6.G.(3).

**Performance Related Statement For Other Than Fixed Indexed Annuities.** A statement containing the following:

*This illustration assumes the annuity's current nonguaranteed elements will not change. It is likely that they **will** change and actual values will be higher or lower than those in this illustration but will not be less than Annuity Disclosure Model Regulation the minimum guarantees. The values in this illustration are not guarantees or even estimates of the amounts you can expect from your annuity. Please review the entire Disclosure Document and Buyer's Guide provided with your Annuity Contract for more detailed information; and b.) For fixed indexed annuities: This illustration assumes the index will repeat historical performance and that the annuity's current non-guaranteed elements, such as caps, spreads, participation rates or other interest crediting adjustments, will not change. It is likely that the index will not repeat historical performance, the non-guaranteed elements will change, and actual values will be higher or lower than those in this illustration but will not be less than the minimum guarantees.*

*The values in this illustration are **not** guarantees or even estimates of the amounts you can expect from your annuity. Please review the entire Disclosure Document and Buyer's Guide provided with your Annuity Contract for more detailed information.*

Refer to section 6.G.(4)(a).

**Performance Related Statement For Fixed Indexed Annuities.** A statement containing the following:



*This illustration assumes the index will repeat historical performance and that the annuity's current non-guaranteed elements, such as caps, spreads, participation rates or other interest crediting adjustments, will not change. It is likely that the index **will not** repeat historical performance, the non-guaranteed elements **will** change, and actual values will be higher or lower than those in this illustration but will not be less than the minimum guarantees.*

*The values in this illustration are **not** guarantees or even estimates of the amounts you can expect from your annuity. Please review the entire Disclosure Document and Buyer's Guide provided with your Annuity Contract for more detailed information.*

Refer to section 6.G.(4)(b).



**Additional Explanations.** The following explanations must be provided:

- The minimum guarantees.
- The effect on contract values if the contract is surrendered prior to maturity.
- Any conditions on the payment of bonuses.
- For annuities sold as an IRA, qualified plan or in another arrangement subject to the required minimum distribution (RMD) requirements of the Internal Revenue Code, the effect of RMDs on the contract values.
- For annuities with recurring surrender charge schedules, a clear and concise explanation of what circumstances will cause the surrender charge to recur.
- A brief description of the types of annuity income options available shall be explained, including:
  - (i) The earliest or only maturity date for annuitization (as the term is defined in the contract).
  - (ii) For contracts with an optional maturity date, the periodic income amount for at least one of the annuity income options available based on the guaranteed rates in the contract, at the later of age seventy (70) or ten (10) years after issue, but in no case later than the maximum annuitization age or date in the contract.
  - (iii) For contracts with a fixed maturity date, the periodic income amount for at least one of the annuity income options available, based on the guaranteed rates in the contract at the fixed maturity date.
  - (iv) The periodic income amount based on the currently available periodic income rates for the annuity income option in item (ii) or item (iii), if desired.

Refer to section 6.G.(5).



**Fixed Indexed Annuities.** Unless provided at the same time in a disclosure document, the narrative summary for a fixed indexed annuity illustration shall include:

- An explanation, in simple terms, of the elements used to determine the index-based interest, including but not limited to:
  - (a) The Index(es) which will be used to determine the index-based interest.
  - (b) The Indexing Method – such as point-to-point, daily averaging, monthly averaging.
  - (c) The Index Term – the period over which indexed-based interest is calculated.
  - (d) The Participation Rate, if applicable.
  - (e) The Cap, if applicable.
  - (f) The Spread, if applicable.
- The narrative shall include an explanation, in simple terms, of how index-based interest is credited in the indexed annuity.
- The narrative shall include a brief description of the frequency with which the company can re-set the elements used to determine the index-based credits, including the participation rate, the cap, and the spread, if applicable.
- If the product allows the contract holder to make allocations to declared-rate segment, then the narrative shall include a brief description of:
  - (a) Any options to make allocations to a declared-rate segment, both for new premiums and for transfers from the indexed-based segments.
  - (b) Differences in guarantees applicable to the declared-rate segment and the indexed-based segments.

Refer to section 6.J.



## Annuity Illustrations: Numeric Summary Requirements

- General Requirements.** Following the narrative summary, an illustration shall include a numeric summary which must include numeric values at the following durations:
- First ten (10) contract years or if the Surrender charge period is longer than ten (10) years, including any renewal surrender charge period(s).
  - Every tenth contract year up to the later of thirty (30) years or age seventy (70) and the required annuitization age or the required annuitization date.

Refer to section 6.H.

- Fixed Indexed Annuity Requirements.** For a fixed indexed annuity illustration the numeric illustration shall include, at a minimum, the following elements:
- The assumed growth rate of the index in accordance with the section of this guide entitled “*Annuity Illustrations: Determining and Displaying Non-guaranteed Values for Indexed Products*” which addresses the requirements of section 6.F.(9) of the regulation.
  - The assumed values for the participation rate, cap and spread, if applicable.
  - The assumed allocation between indexed-based segments and declared-rate segment, if applicable, in accordance with the section of this guide entitled “*Annuity Illustrations: Determining and Displaying Non-guaranteed Values for Indexed Products*” which addresses the requirements of section 6.F.(9) of the regulation.

Refer to section 6.K.

## Report to Contract Owners

- Annual Report Requirements.** For annuities in the payout period that include non-guaranteed elements, and for deferred annuities in the accumulation period, the insurer shall provide each contract owner with a report, at least annually, on the status of the contract that contains at least the following information:
- The beginning and end date of the current report period.
  - The accumulation and cash surrender value, if any, at the end of the previous report period and at the end of the current report period.
  - The total amounts, if any, that have been credited, charged to the contract value or paid during the current report period.
  - The amount of outstanding loans, if any, as of the end of the current report period.

Refer to section 6.K.

## Recordkeeping

- Recordkeeping Requirements.** Follow the state’s adoption language regarding record retention requirements for pertaining to information collected from consumers and other information provided in the disclosure statement (including illustrations). Refer to section 10.A.