



Your guide to navigating Nationwide's Suitability Review

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An introduction to suitability

The National Association of Insurance Commissioners (NAIC) has provided standards and procedures for recommending annuity products to consumers to ensure that their insurance and financial objectives are appropriately addressed.

Those standards and procedures are the framework used by state insurance regulators to oversee the sale of annuities and are what Nationwide® uses to ensure that clients are matched with an annuity solution that meets their unique needs and objectives.

This guide is designed to outline our review process to help avoid follow-up requests and delays and achieve faster approvals.

Please note that the following information addresses only the areas in the **Customer Profile for Fixed Annuity Products form** that commonly create confusion or generate additional questions. **It does not represent all scenarios, concerns or questions.**

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Why suitability is important

Annuities can play a significant role in a client's portfolio, but they aren't right for everyone. It's your duty to uncover any relevant information from the client regarding their insurance needs and financial objectives to ensure that your recommendations are suitable for them.

Nationwide uses the suitability review as an opportunity for you and the client to discuss the benefits of this transaction.

We'll review each submission on a case-by-case basis and reach out to you if we have any questions in regard to your submission.¹



Make sure the client understands the various features of the annuity, such as the surrender period and charges, potential adverse tax consequences, costs and features of riders, and limitations on returns. If it's a replacement annuity, be sure the client understands the benefits and trade-offs. Also make sure they are aware of the charges they may incur when leaving their current contract — for example, CDSC, MVA and other charges.



There are several common situations that may cause a more thorough review process, such as replacement of an existing annuity, a high concentration of the client's assets in annuities, and when the owner and annuitant are different people (or when the owner is an entity), so ensure that all the appropriate information is provided to help expedite the experience.



To expedite the review process, please include a copy of the most recent statement for the account that will be used to fund your client's new Nationwide annuity.

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¹ New York residents require training on NY Regulation 187.



Training requirements

Please be aware of the **Best Interest Regulation**² training requirements in the state in which your client signs the application. Changes to the Best Interest Regulation in NAIC states have created new requirements for documentation, new-business signatures and training.

For states that have adopted the [Best Interest model](#), we require the following information:

- [The Insurance Agent \(Producer\) Disclosure for Annuities form](#)
- The Insurance Agent (Producer) Disclosure for Annuities form and the [Customer Profile for Fixed Annuity Products form](#) must be signed on or before the application signature date, provided Best Interest training requirements have been met per state guidelines
- If Best Interest training was completed after the original client signature date, we require a second clear client signature and date on the application and [The Insurance Agent \(Producer\) Disclosure for Annuities form](#)
- Nationwide partners with [RegEd](#) and [Kaplan](#) for NAIC training



Please note that all levels of training must be completed.



It's important to have active appointments before submitting business.



If not completing through RegEd or Kaplan, you can email copies of training certificates to license@nationwide.com.

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Owner information

When the contract is owned by an individual or entity other than the owner, it can create the need for additional information. Be sure to keep the following things in mind:

For contracts owned by a person who isn't the annuitant

- **Please have your client consult with a tax advisor** — The structure of these contracts can be complex, may not provide a significant benefit to the client, and can result in the new owner being forced to pay surrender charges and potential taxes on earnings
- We want to see a clear benefit for the client; generally, we require the client to have significant liquid assets and net worth to consider accepting this structure
- We require the client to purchase the product with the shortest surrender period available

Owner's Information:

1. Type: Individual Entity (e.g., trust/corporation) Entity Name: _____

2. First Name: _____ Last Name: _____

3. Date of Birth: _____ (MM DD YYYY) Leave blank if Owner type is Entity

4. Employment: a. Employed Self-Employed Retired Not Employed
If employed or self-employed are selected, complete questions b and c

b. Employer Name: _____

c. Occupation: _____

Joint Owner's Information:

5. First Name: _____ Last Name: _____

6. Date of Birth: _____ (MM DD YYYY)

1 Please be sure to indicate whether the owner is an individual person or an entity, such as a trust or corporation.

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Owner information (continued)

For trusts

- Please outline on the suitability form how the proposed product will meet the objectives of the trust:
 - **For revocable trusts**, the suitability form should be completed with the grantor's information, including their financial information
 - **For irrevocable trusts**, the suitability form should be completed with the trust's information, including financials

As the trust may operate differently from the annuity applied for, please ensure that the following questions are addressed before applying:

- Q:** Is the trust forced to liquidate if the grantor(s) expire?
- Q:** Does/Do the beneficiary(ies) on the application align with the trust operation?
- Q:** Does/Do the trustee(s) understand that only the annuitant's death will trigger the death benefit provisions of the annuity?
- Q:** Does/Do the trustee(s) understand that if the owner of the annuity changes, in most circumstances, any riders and benefits will terminate?



For all trusts, please specify the general purpose of the trust and disclose the relationship of the annuitant to the trust.



Be sure to include the front page and the signature page of your trust or trust certificate with your submission.

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10. **Disposable Income** a. Household Income Source(s) all that apply

Owner's Current Wages Social Security Guaranteed Annuity Payments
 Spouse/ Partner's Wages Pension Plan Payments Regular Distributions from Investments
 Rental Income

b. Annual Household Income *should equal sum of all sources above* \$ _____ .00

c. Annual Living Expenses *including all household expenses* \$ _____ .00

d. Disposable Income *b minus c* \$ _____ .00

e. Do you anticipate a significant change to your future disposable income during the surrender charge period? (e.g.: increase in out-of-pocket medical expenses, etc.?) **If Yes, please explain in Financial Professional's Statement** Yes No

13. **Liabilities**

Existing liabilities and obligations (this includes existing financial liabilities and obligations you consider to be significant; for example: mortgage, large credit card debt balances, auto or student loans, and permanent life insurance premiums)

Type of Liability	Current Balance	Monthly Payment	Term of Liability (either "years" or "months")
	\$ _____ .00	\$ _____ .00	____ YY or ____ MM
	\$ _____ .00	\$ _____ .00	____ YY or ____ MM
	\$ _____ .00	\$ _____ .00	____ YY or ____ MM
	\$ _____ .00	\$ _____ .00	____ YY or ____ MM
	\$ _____ .00	\$ _____ .00	____ YY or ____ MM

14. **Total Net Worth** (After the purchase of this annuity)

a. Checking/Savings \$ _____ .00

b. All other liquid assets e.g.: money market funds, securities that can be sold without surrender or penalties, qualified assets if 60 or over, etc. \$ _____ .00

c. Total non-liquid assets excluding primary home e.g.: life insurance, annuities in surrender period, investment real estate, employer-based retirement plans (if under age 59), etc. \$ _____ .00

d. Total debt excluding mortgage on primary home \$ _____ .00

e. Total Net Worth *a plus b plus c, minus d* \$ _____ .00

15. Number of annuities owned in household (including purchase of this annuity) _____ annuities

16. Total value of annuities owned in household (including purchase of this annuity) \$ _____ .00



For clients with high income and/or a large portion of their net worth in liquid assets, explain why their need for immediate income outweighs the cost of the income rider over the life of the contract.



In high net worth situations, if/when the client is retired and there is not an anticipated significant change to future income and there is not an obvious need for the income rider, the cost of the rider fee is a concern.



A fair and balanced explanation of advantages and disadvantages of the purchase of the product and income rider will need to be covered in the Financial Professional Statements (P1-P4); we may need to ask additional questions if not explained completely.

10

Be sure to reflect household income, not individual income, for sections 10A through 10D.

14 15 16

Complete sections 14 through 16 with the assumption that the client has purchased the annuity.

15

If there is a higher concentration of annuity assets, it'll result in additional questions on Page 3 of the **Customers Profile for Fixed Annuity Form**.



Funding source and requirements

It's important to complete all of the replacement and rider sections of the Customer Profile because they outline information about the existing product to ensure that the client is aware of all features of the existing product (riders, potential/current income, interest rates, fees, etc.).

Funding Source and Replacement

24. What are the sources of funds for this annuity? ✓ *all that apply*

Savings, Checking, CD
 Annuity^b
 Defined Contribution Plan^{a,b} (e.g., 401k, 403b)
 Stocks, Bonds and Mutual Funds^b
 Life Insurance^b
 Defined Benefit Plan^{a,b} (e.g., pension)

a. Are any of the plan(s) used to fund this annuity offered through your current employer? Yes No

b. *A registered representative who is currently licensed with a broker dealer may be required to assist you with the liquidation of your portfolio to fund the purchase of the fixed annuity. If the Financial Professional who recommended the purchase of the fixed annuity compared your existing portfolio to the fixed annuity, they must be a registered representative of a broker dealer or an investment advisor representative of a registered investment advisor. If the recommendation was made by an insurance-only Financial Professional, additional information and existing account documentation may be required to confirm the recommendation to purchase the fixed annuity.*

25. Have any of these sources been held for less than 13 months? Yes No

If yes, provide a statement for each prior account (excluding checking and savings) and reference in the Financial Professional's Statement question P4.

26. **Replacement** Complete section 26 only if this purchase is funded through the replacement of an annuity or life insurance contract. Please complete a copy of this section for each contract being replaced. **For each replaced contract, a copy of a statement for the replaced contract is required.** If this case is not funded by a replacement, you can leave this section blank.

a. Carrier _____

b. Replaced Contract Issue Date _____ (MM DD YYYY)

c. Current Fixed Interest Rate for Annuity _____ %

d. Minimum Guaranteed Fixed Interest Rate _____ %

Potential Penalty

e. Mortality and Expense Charge _____ %

f. Surrender Charge Period Remaining _____ years

g. Surrender Charge (% and subsequent \$ amount) _____ % \$ _____ .00

h. Additional Charges e.g.: Market Value Adjustment Administrative Fee, Bonus Recapture \$ _____ .00

Riders

i. Guaranteed Death Benefit? Yes No

j. **If yes**, Death Benefit Rider Fee: _____ % Benefit Amount: \$ _____ .00

k. Living Benefit? Yes No

l. **If yes**, Living Benefit Rider Fee: _____ % Benefit Base: \$ _____ .00

Current and complete annuity statements are required for replacements.

Death claims are considered replacements, and death claim paperwork is also required.

Refer to the Financial Professional Statements section for more information about documenting replacements.

24 If annuity or life is selected in section 24, then section 26 is required. Blanks will not be accepted.

26 Section 26 needs to be fully completed for **each** annuity/life policy being exchanged, including annuity death claims. Blanks will not be accepted.

● If information is added in sections 26k and 26l, please complete the required questions in section 27.

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Guaranteed income

Illustrations play a key role in this section. When using an existing annuity with an income rider or a defined benefit plan designed to provide guaranteed income as the source of funds in purchasing a Nationwide annuity with an income rider, we'll compare the income amount available in both products at the age the client intends to start withdrawals from the Nationwide contract.

We require specific, documented benefits of the purchase in all instances. This is especially true if the existing annuity/pension offers a higher guaranteed income than the proposed Nationwide product or if the client has more income than expenses.

Guaranteed income	
27.	Are you purchasing a Nationwide living benefit rider? <input type="checkbox"/> Yes <input type="checkbox"/> No
If yes:	
	a. Expected age client will begin using this rider _____
	b. Guaranteed annual income amount from Nationwide as illustrated \$ _____ .00
27c.	Guaranteed annual income amount at age indicated from all replaced annuity contract's living benefit rider(s). <i>If not applicable, leave blank.</i> \$ _____ .00
28.	Are you purchasing Nationwide SPIA? <input type="checkbox"/> Yes <input type="checkbox"/> No
If yes:	
	a. Nationwide SPIA Guaranteed Income Amount \$ _____ .00
28b.	Total guaranteed annuitization amount from all replaced contracts for the same selected payment option and frequency as Nationwide SPIA \$ _____ .00
If amount in 27c or 28b are from multiple replaced contracts, itemize in Financial Professional's Statement question P4	

If the product is a single-premium immediate annuity (SPIA) or fixed indexed annuity with an income rider, you must include with the application packet the illustration/quote presented to the client during the point of sale.

An **annuitization quote** is required from the surrendering company to compare income values when:

- The client is replacing an annuity and starting income immediately or within 1 year
- The source of funds is a deferred annuity and the client is purchasing a Nationwide SPIA

27 If information is added in sections 26k and 26l, then section 27 must be completed with the source carrier income amount.

27 28 Complete sections 27c/28b if the replaced source (annuity or pension) has income features or annuitization available.

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Financial Professional statements

The information provided in (P1-P4) should give a fair and balanced representation of the recommendation. This is your opportunity to explain in a few sentences how the product fits the client’s objectives.

Financial Professional Statement

In this section we are looking for fair and balanced advantages and disadvantages of the transaction. It is important to include any specific benefits, riders, or loss of income. Please clearly print 1-2 sentences for each answer. If additional space is required, attach additional pages. We cannot accept blanks, “N/A”, or “none” as answers to questions P1, P2, P3.

- P1 The primary reason(s) for recommending the new annuity contract is (are):

- P2 The existing source of funds cannot meet the applicant’s objectives because: (include any benefits, riders or income lost as part of the replacement. This is also required for Medicaid planning cases)

- P3 The advantages of continuing the existing source of funds without changes are:

- P4 If you answered “yes” to Questions 10e, 17, 19, 20, or 25 provide more detail:

None, N/A or blanks are not acceptable answers on the Financial Professional Statements.

Be sure to complete all client and producer acknowledgments on Pages 4 and 5 of the Customer Profile.

Please refrain from stating the specifications of the product being sold.

P1 Explain how this product aligns with the specific client’s future goals, including how it fits into their current finances.

P2 Explain why the existing product no longer meets the clients needs and goals.

P3 Provide information on what the client stands to lose (e.g., liquidity, higher earning potential, riders, benefits, etc.).

P4

- Pay specific attention to how you answer this question, as it relates back to specific questions on the form.
- Show and separate each income amount if multiple replacements are being used to fund the new annuity; also show how Nationwide proportionally compared with the replaced product (e.g., Nationwide \$xxx to ABC Insurance \$xxx).

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Customer Acknowledgment and Signature If the owner is an entity, must be signed by a trustee or authorized signer

CA1. I am replacing an annuity with a 3% or greater guaranteed minimum interest rate.
I acknowledge that I am foregoing a percentage guaranteed return in exchange for growth

Sign and Date

By signing this form, I acknowledge the following:

- My Financial Professional explained (1) the various product features and potential consequences of the annuity, (2) how compensation is paid for the sale of the annuity contract, and (3) any impact of replacing an existing product
- My Financial Professional provided me with a (1) product summary, (2) an Acknowledgment explaining (a) compensation, (b) type of products the Financial Professional is licensed to sell and (c) other carrier annuities that the Financial Professional has authorization to sell, and (3) a replacement Acknowledgment, if applicable
- I understand and accept that the annuity I am purchasing may include non-guaranteed elements such as changes in interest rates, monthly income, availability of options, account value, death benefits, fees, or premium limits
- Before purchasing the annuity, I provided the necessary information required by my Financial Professional to thoroughly assess my current financial situation and my best interest
- I confirm to the Financial Professional that the information I provided is true and complete

Owner: _____
Signature: _____

Joint Owner (if applicable): _____
Signature: _____

Financial Professional's Acknowledgment and Signature

FA1. Did you inform the customer of the potential consequences of the sales transaction (including any impact of replacing an existing product) and provide them with the basis of your recommendation including Nationwide's most recent product summary which discloses the product features that could have an impact on the customer's decision to purchase this product? Yes No

FA2. If the new Nationwide annuity is a replacement, do you believe the Nationwide annuity would substantially benefit the consumer in comparison to the replaced product over the life of the product? Yes N/A

FA3. If your professional opinion based on the information the customer provided, do you believe the annuity product recommended is suitable and in the customer's best interest, as compared to other annuity or financial products that you are appropriately designated and licensed to offer and is based on your evaluation of relevant suitability information and reflects the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use under similar prevailing circumstances? Yes No

By signing this form, I acknowledge the following:

- To the best of my knowledge and belief, the information provided on this Customer Profile questionnaire (Customer Suitability Questionnaire) is true and complete, was obtained prior to the purchase of the annuity and a final, signed and dated copy was provided to the customer along with any additional product or regulatory disclosures
- I only considered the customer's interests when making the recommendation to purchase this annuity and the recommendation was not influenced by any compensation or incentives that I or anyone affiliated with me, would receive
- I will, upon Nationwide's request, provide to Nationwide accurate and complete information of the documentation used to support the basis of my recommendation and all required documentation and Acknowledgments provided to the customer

Financial Professional Type:
 Insurance Only Financial Professional *Attach non-solicitation form based on question 24, if needed*
 Registered Representative Investment Advisor Representative

If Registered Rep. or Investment Advisor Rep.: CRD or IARD #: _____

I have provided the applicable disclosures for this product to my client Yes

I have attached a recent statement for each of the account(s) used to fund this annuity Yes

If, applicable, I have included the annuitization quote for each replaced contract with guaranteed annuitization Yes

Financial Professional:
Full Name (please print): _____
Signature: _____ Date: _____



Any changes on the form should be initialed and dated by the client.



Be sure to complete all customer and producer acknowledgments and signatures on Pages 4 and 5 of the **Customer Profile for Fixed Annuity form**.



The Financial Professional Statements must be signed and dated on or before the application date.



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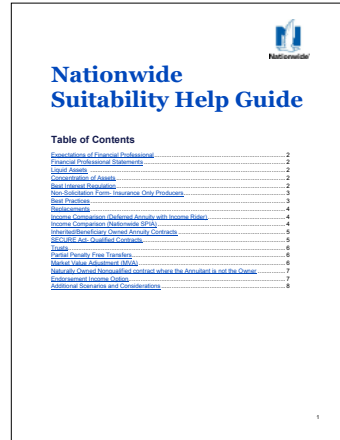
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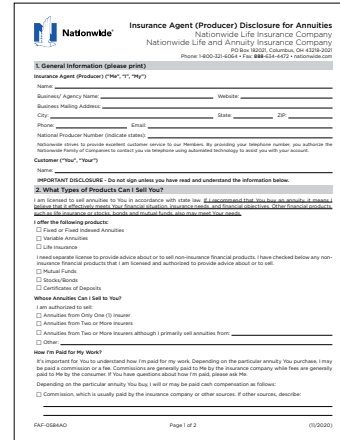
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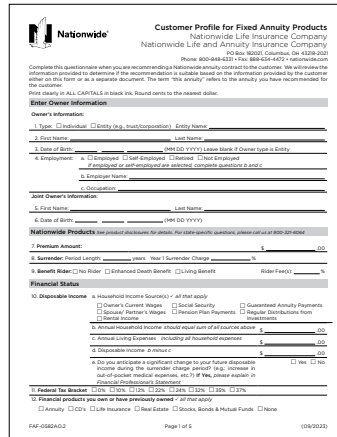
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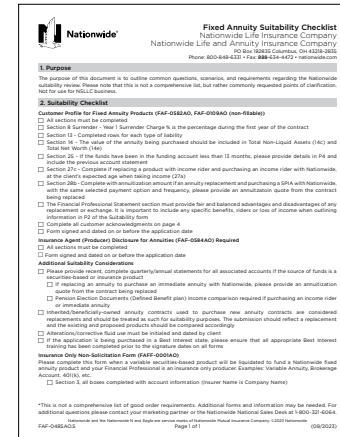
[Nationwide Suitability Help Guide](#)



[Insurance Agent \(Producer\) Disclosure for Annuities \(Accord 660\)](#)



[Customer Profile for Fixed Annuity Products](#)



[Fixed Annuity Suitability Checklist](#)



[NAIC Best Interest site](#)



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Reach out to your wholesaler, IMO marketer or the Annuity Solutions Center for additional questions.



Annuity Solutions Center: 1-800-321-6064



Find your wholesaler: [Search your ZIP code](#)

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