SELLING FIXED ANNUITIES THROUGH HBW
FREQUENTLY ASKED QUESTIONS

How do I get started with Fixed and especially Fixed-Indexed Annuities?

First review the information available to you on the HBW website under the Fixed Annuities section. Check out the ***Getting Started*** *Section* where you will find *Appointment Instructions*, Carrier *Contact Lists*, *How to Submit Business*, a link to the *Commission Schedules*, and the very important *Customer Suitability Analysis Worksheet* (**CSAW**) form.

How do I learn more about fixed and fixed-indexed annuities?

Start with the articles, *"The ABC's of Fixed & Indexed Annuities"* and *"Understanding Fixed-Indexed Annuities"*, located within the Fixed Annuities "Sales Tools and Articles" Section on the HBW website. These will certainly help you gain a better understanding of these products. Additionally, Creative Marketing International Corp., Leawood, KS ("Creative") through which many of our annuity products are offered, has many new video and audio training modules available on their website (you must be registered first). Finally, once you are appointed, the carriers also have multiple training tools on their websites as well.

Why would fixed annuities fit into my portfolio of products offerings?

Most importantly, they protect your client's principal, establish a tax-deferred savings vehicle with growth potential, create an easy way to save toward retirement, and provide a guaranteed monthly retirement income. Plus, with continued uncertainty in the markets, more and more of your clients will be looking for safe havens for at least a portion of their nest eggs. Fixed and fixed-indexed annuities are a great option to consider for protecting your client's 401(k) rollover money.

Does the sale of fixed and fixed-indexed annuities count toward my next HBW promotion?

Yes, but only if you are contracted and selling through HBW. To receive credit toward promotions, trip incentives and bonuses, you must contract with our Brokerage Carriers offered through Creative Marketing or our "Direct Access" carriers – in other words, HBW's approved carriers only. HBW also offers a few fixed products from three annuity carriers through our Broker/Dealer for registered reps only.

Is an indexed annuity a securities product?

No, an indexed annuity, also referred to as a fixed-indexed annuity (but no longer referred to as an equity-indexed annuity) is a savings instrument that protects principal. <u>An indexed annuity is simply a fixed annuity that credits interest in a different way</u>. An indexed account tracks an index, usually the S&P 500. Interest credits are calculated by comparing the value of the S&P 500 at the beginning and at the end of a specific *Index term period* (often a 1-year period). Subject to an *Index cap rate* that can be monthly, annual, or longer, the account would be credited with any positive gain. This is an example of one method of calculating the indexed gain. Providing no surrender charges are incurred due to an early surrender and just like a fixed-rate annuity, the principal is still guaranteed as is any interest earned that is locked in at the end of the declared crediting period.

What is the most critical aspect I need to be aware of when offering fixed annuities to my clients?

Most critical is ***suitability*** for your clients. From the standpoint of your client's time frame, plans for the funds, need for liquidity, and intentions for annuitization, make sure any annuity truly fits the needs of each client. Be sure to use the <u>MANDATORY</u> HBW **"*Client Suitability Analysis Worksheet*"** (CSAW) located within the Fixed Annuities section of the HBW website when working with your clients. Don't be fooled by an annuity offering a big "teaser" premium bonus that locks your client into unwanted annuitization or doesn't provide the features that are important for your client.

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What annuity carriers does HBW represent?

The number of carriers and specific carriers that we represent may change from time-to-time as we continue to evaluate new companies that might make sense to add to our list of approved carriers. Our carriers are divided into three segments: "Direct Access Carriers", "Brokerage Carriers" and "B/D Only Carriers". The current approved carriers are as follows:

DIRECT ACCESS CARRIER LIST
ING USA
Life Insurance Company of the Southwest
Principal Financial Group
ReliaStar Life Insurance Company (an ING Co.)

BROKERAGE CARRIER LIST (Offered through Creative Marketing)
Allianz Life Insurance Co. of North America
American General Life Insurance Co.
American Equity Investment Life Insurance Co.
American National Insurance Company
The Annexus Group (offered through Aviva)
Aviva Life & Annuity Company
Great American Life Insurance Company
Fidelity & Guaranty Life
Lafayette Life Insurance Group
Lincoln Financial Group
National Western Life Insurance Co.
North American Company for Life and Health Insurance
Liberty Life (Formerly RBC Insurance)

B/D ONLY CARRIER LIST (Offered through HBW Securities LLC)
Integrity Life Insurance Company
MetLife Insurance Company
Pacific Life Insurance Company

Why are most of HBW"s fixed annuity carriers offered through Creative Marketing?

HBW formed a strategic alliance with Creative Marketing International Corp. to take advantage of over 27 years of experience in the fixed annuity business. Creative Marketing has developed very strong relationships with many of the annuity carriers over the years and has been directly involved in the design of many of the indexed annuities that today's products are based on. This enables Creative Marketing to provide you with the highest level of expertise available in the industry today. They are also able to leverage their relationships with the carriers to troubleshoot for you when you need assistance.

What else does Creative Marketing offer?

Creative Marketing is virtually a one-stop shop for your fixed annuity business with complete back office support including for example, direct access to a Business Development Team of annuity sales consultants for advanced case development, numerous sales & marketing tools, customizable marketing materials, webinar training systems, training materials & resources, available on-line tracking of your pending business, regional training at our HBW FasTracks and much, much more.

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How do I get appointed with a fixed annuity carrier?

Log into the Agent website; select the blue “Commissions and Hierarchy Reports” link; scroll to the bottom and click on the Get Carrier Appointment Forms link; once there you will need to select the on-line link or the “others” link to choose the carrier you want to get appointed with. There is also an instructions link available.

Why is it I never received an Agent code from HBW or the annuity carrier I contracted with?

While some carriers may assign an agent code upon completion of the contracting paperwork, many carriers do not assign a code until the first submission of business. Check with the HBW Licensing & Contracting Dept. (Susan Rice, Manager L&C, susan@hbwinc.com) if you are not sure if this is the case for the carrier you are contracting with.

Is the appointment process the same for American General annuities?

American General is the singular exception. When you join HBW and receive your ***New Agent Contracting Paperwork***, American General Life Insurance (AGL) appointment contracting for both life insurance and fixed annuities are included. You will receive two separate agent codes, one for your AGL life business and the second for your AGL annuity business.

Can I send in my appointment paperwork along with my first case?

If you are in an immediate solicitation state, you can submit your appointment paperwork and first application simultaneously by (1) faxing the appointment paperwork to HBW L&C Dept. with a note that business is pending and (2) mailing the ORIGINAL application to the annuity carrier ***with a note that appointment is pending***. However, your case cannot be processed and the application and client's money will be held by the carrier until your appointment paperwork is processed. ***It is always better to start the appointment process well in advance of your first case with a new carrier to avoid frustrating delays.*** Be sure to always manage your client’s expectations with a suitable timetable.

What happens if my appointment is not approved by the carrier?

If you have any reason to believe there could be a problem with your appointment due to bad credit, etc., then you need to notify HBW’s Licensing & Contracting Dept. immediately when you are submitting your first business to the carrier so our L&C Dept. can notify the carrier to expedite the background check immediately. If you have accepted business from a client that you cannot ultimately process and as a result, wont’ get paid on, this will be unfair to your client and a waste of your time as well. We will at least want to expedite the process to make this determination for the client’s benefit so the business can be passed to an up-line to complete if by chance your appointment is denied.

Where do I normally send my fixed annuity applications?

All applications (**original paperwork**) must be mailed directly to the carrier with the exception of ***The Annexus Group*** products. ANNEXUS applications must be mailed directly to ***Creative Marketing.*** For a more complete guide on submitting business, mailing addresses and all contact information, go to the “Getting Started” section in Fixed Annuities. Also refer to the Quick Reference Guide.

Is there a form I can use to help me gather information about my client when I am talking to them about the possibility of an annuity?

Yes, and in fact this form, called the Client Suitability Analysis Worksheet or **CSAW,** serves as both a pre-sale fact finder and a suitability form. Please note that this is also a MANDATORY form when you are anticipating the sale of fixed annuities of any kind since this form will help you determine whether or not annuities might be suitable in filling your client’s needs. This form must be signed and dated by your client and retained in your client file.

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Can I get assistance with my annuity cases and if so, how should I prepare before calling for assistance with an annuity case?

Our annuity consultants are standing by to assist you with case development. However, in order for any of your annuity consultants to properly help you decide upon the correct course of action for your clients, you must have first completed the **CSAW** so product selection will properly fit the client's needs and time horizon. You should complete this during your first visit with the client. Set a 2nd appointment and come back with your recommendation after talking to an annuity consultant. The client will appreciate that you represent many major insurance carriers and financial companies. This makes you more objective. They will also appreciate your willingness to expend time on their behalf to research alternatives and determine the best solution to fit their specific set of circumstances, needs and desires. Come back to your client with a solution that fits their needs.

So once I have completed the CSAW, who do I contact to assist me with case development?

The great thing about our system is that we have so many products at your fingertips – almost 300 different annuity products through 17 different annuity carriers through our Life Division.

That is why we have ***Creative Marketing's Business Development Team*** at your fingertips to help you develop your case and fit the correct product to each client's set of unique circumstances. Once you have completed the CSAW, contact:

CREATIVE MARKETING 1-800-843-1266
Ask for the HBW Business Development Team

Also Available To Assist
Doug Feco, HBW Vice President Sales & Marketing, Fixed Annuities
1-800-473-3856 x123

Although it is important for you to understand the basic components of a fixed or fixed-indexed annuity as well as the different types of crediting strategies available for indexed annuities, you don't need to know the products themselves with our team of consultants to help you.

Once I have selected a product to offer to my client, how to I get applications and a sales kit?

Contact your Creative Marketing Business Team annuity sales consultant to request a **sales eKit** that will be emailed to you immediately. This eKit will provide you with the entire set of documents, agent guide and client guide necessary to make the sale. Everything can be printed out in black & white or in color. Once registered on any of the carrier's websites, you can request hard copies of these sales kits as well. If you are selling an annuity from one of our Direct Access carriers, you will need to download from their website.

Where do I go to find more information about Creative Marketing and how do I utilize their resources?

The Creative Marketing website is linked to the HBW website. You must be appointed with at least one brokerage carrier before you can register on Creative's website but this is resolved by your automatic appointment with American General Life annuities when you join HBW. Contact the Creative Business Development Team dedicated to HBW agents at 1-800-843-1266 with your AGL annuity code so they can log you into the Creative database. They will then help you with the website registration process.

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How do I get more intensive fixed annuity training?

Creative Marketing has been participating in all of our HBW Regional FasTrack Training seminars around the country. Be sure to attend one of these seminars near you. Creative also has a library of webinars available – another powerful method of training small groups of your local agents by computer. This includes a brand new series of brief visual and audio training modules designed to enhance your knowledge and help you market fixed, indexed and income annuities to your clients.

Finally, HBW also conducts an **Annual Business Development Conference** every Summer in Las Vegas that you cannot afford to miss. This meeting offers very detailed basic and advanced fixed and indexed annuity training. Attending this meeting is a critical investment in your business, not only for fixed annuities, but for every aspect of your business including personal development, and training in all areas of our business – LTC, disability, life insurance, supplemental insurance, Heritage Trusts, our Investment Advisory Services business and our HBW Securities LLC securities business. Do Not Miss This Meeting!