Global Atlantic Consumer Guide to Annuity Purchasing

Forethought Life Insurance Company ("Forethought) has an obligation to ensure every purchase recommendation made by a Forethought appointed financial professional is suitable and, in some cases, in the best interest of the consumer. All recommendations to purchase or replace/exchange an annuity or life insurance policy should meet this standard based on information known at the time of the recommendation. This Consumer's Guide is designed to provide basic information that can assist you in making a potential annuity purchase.

It is important to understand how annuities can be different from each other so you can choose the best option for you. This guide is not meant to offer legal, financial or tax advice. Please consult your financial professional, legal and tax counsel for more information prior to making any purchase.

What is an Annuity?

An annuity is a contract with an insurance company where the insurance company promises to pay you income on a regular basis for a period of time you choose. Some annuities begin paying income as soon as it is purchased (immediate annuity). Others begin at a later date you choose from a list of options the insurer offers (deferred annuity). Lastly, certain annuities are designed only for long-term accumulation.

What are the types of annuities available?

Fixed Annuity: A Fixed Annuity (also called multi-year guaranteed annuity (MYGA)) is an annuity that earns interest at a rate that the issuing company sets. This rate is generally fixed and will not change for the stated holding period. After the initial rate period ends, the insurer may set another rate for a secondary rate period. The subsequent rates set could be higher or lower than the initial rate. MYGA's are long term retirement saving contracts that will require you to hold the contract during a withdrawal charge period. Withdrawals made during the withdrawal charge period could be subject to withdrawal charges and other potential fees and adjustments. Your purchase payment or premium is guaranteed based on the claims paying ability of the issuing company. All provisions of these annuities are outlined in the annuity contract.

Fixed Index Annuity: A Fixed Indexed Annuity (FIA) is an annuity where the interest crediting is based on the market performance of a linked index (not including reinvestment of dividends). FIA premiums are never invested in an index and are not subject to market risk. Some indexes are measures of how overall financial markets perform (such as the S&P 500 Index) during a set period. Other indexes used measure how a specific financial market performs (such as the NASDAQ) during the term. An insurer uses a formula to determine how a change in the index will affect the amount of interest credited to a FIA (if any) at the end of each Strategy Term. Your purchase payment or premium and any interest credits may be guaranteed by the issuing company (subject to contract provisions). Poor or negative index performance may result in no interest credited for the Strategy Term. Also, FIA's may have contract provisions called caps, spread, or participation rates which limit participation in positive index performance. For these limitations, you will receive protection from down-side index performance, such protection may also be limited. If you take money out of an FIA before an Strategy Term is over, you may not receive the interest crediting for the period. FIAs are long term retirement accumulation contracts that will require you to hold the contract during a withdrawal charge period. Withdrawals made during the withdrawal charge period could be subject to withdrawal charges and other potential fees and adjustments. Your purchase payment or premium is guaranteed based on the claims paying ability of the issuing company. All provisions of these annuities are outlined in the annuity contract.

Registered Index Linked Annuity (also known as Buffered or Structured Annuities): A registered index linked annuity (RILA) is an annuity registered with the Securities Exchange Commission (SEC) and sold by prospectus. Similar to FIAs, RILAs are not invested in the market and interest crediting is based on the market performance of a linked index. However, where FIAs are not subject to loss of principal, RILAs are subject to loss of principal associated with negative returns of a linked index. For example, if the linked index for which the contract value was allocated was positive for the Strategy Term interest would be credited. The amount of interest credited would be limited by contract provisions called caps, spreads or participation rates which limit the maximum interest to be credited during periods of positive index performance. During Strategy Terms where the linked index performance was negative during the Term the contract value of the amount allocated to the crediting strategy may incur a loss. In exchange for limiting or capping potential interest earned, losses realized are limited by contract provisions known as buffers and floors. These contract provisions are designed to reduce the impact on contract holder's contract value either by "buffering" the potential loss to the amount exceeding the buffer threshold or by a floor that exposes the contract holder to the linked-index loss but only up to the amount of the floor. Withdrawals made during the withdrawal charge period could be subject to withdrawal charges and other potential fees and adjustments. Interest is typically only credited at the end of the Strategy Term.

Variable Annuity: Also registered with the SEC and sold by prospectus (same as RILA), a Variable Annuity "is an annuity that earns a return or experiences a loss based upon the performance of investment portfolios ("subaccounts") or index accounts where you choose to put your money.

Investment choices will likely include subaccounts with varying types and levels of risk. Your choice of subaccounts can affect the return you receive on your annuity. Subaccounts do not have a guaranteed return; however, you may have a choice to put some money in a fixed interest rate account, with a rate that will not change for a set period. The value of a variable annuity can change daily as the values of the subaccounts change. There is no guarantee that the values of the subaccounts will increase. In addition, if the subaccount values go down, the annuity contract could have less money in it than when it was opened.

What type of information should you consider when choosing an annuity?

Annuities are effective long-term retirement accumulation and income planning vehicles and are not intended to meet short term financial needs. You should always ensure you have sufficient liquid assets to cover short term and current financial obligations such as your living expenses, emergencies such as medical emergencies, and near-term purchases.

An annuity could have additional fees, charges and adjustments that are incurred when an annuity is purchased and for their maintenance. These are often paid to the issuer of the annuity to cover the cost of selling and managing the annuity and paying out benefits. An issuer may subtract these costs from your annuity's value. These costs should be disclosed in your annuity contract, disclosure, or prospectus.

Withdrawal charges or surrender charges may be applicable to annuity contracts if you take part or all of the money out of your annuity during a set period of time. These charges are usually a percentage of the amount you withdraw out of the annuity. The percentage of this charge could decrease every year until the withdrawal charge period ends.

In addition, some annuities have a Market Value Adjustment (MVA), which could increase or decrease your annuity's contract value; cash surrender value, and/or death benefit value if money is withdrawn from your contract. In general, if interest rates are lower when you withdraw money than when you bought the annuity, the MVA could increase the amount you are allowed to take from your annuity. If interest rates are higher than when you bought the annuity, the MVA could decrease the amount you are allowed to take from your annuity. Each insurer's MVA calculation could differ, check your annuity contract for details.

What ways can you take money out of an annuity?

If you purchase a deferred annuity, you can annuitize your contract and start to receive guaranteed fixed income payments for life or a period you choose. Once payments begin, you cannot take any other money out of the annuity, and you usually cannot change the amount of your payments. If you die before the payment period ends, your survivors may not receive any payments, this will depend on the payout option you choose when you initially applied for the annuity.

A full withdrawal of the contract is when you receive the cash surrender value of the annuity in one lump payment; this will end your annuity contract. This option will likely come with a withdrawal charge and a MVA adjustment if you are still within the withdrawal charge period.

A partial withdrawal may be available on your contract; this is where you can withdraw some of the money from the annuity's cash surrender value without ending the annuity. Withdrawal charges and MVA adjustments may apply if you are still within the withdrawal charge period.
Important note: Premature withdrawals from an annuity may negatively impact any interest that may be credited to the contract.
Note: Distributions taken out of an annuity prior to age 59 ½ may be subject to a 10% IRS penalty unless it qualifies for an exemption outlined in IRS Publication 590.
Optional guaranteed living benefits are riders that may be offered for some annuities at an additional annual cost. These benefits guarantee to make payments you cannot outlive. These options should be discussed with your financial professional at the time you open the annuity contract.

What are the duties and obligations of your financial professional?

Every recommendation to purchase an annuity must be suitable, and in some cases, in the best interest of the consumer. Your financial professional will discuss your needs and objectives and will gather important information from you, in order to evaluate if an annuity is right for you. This information is needed to provide a full and accurate picture of your individual needs, financial status, time horizon, goals, and financial objectives.
Annuities can be a valuable component of a retirement portfolio but may not be right for everyone. A determination must be made whether a consumer has sufficient income and liquid assets to reasonably pay current and anticipated living expenses after purchasing the proposed annuity.

You can expect your financial professional to ask questions about the below items to help determine if an annuity is right for you. These questions could include:

Age	Financial Objectives	Liquid Net Worth
Annual Income	Intended Use of the Annuity	Risk tolerance-including willingness to accept non-guaranteed elements in the annuity
Debt and month expenses	Financial Time Horizon	Tax Status
Financial Experience	Insurance Needs	All other information needed to make a proper insurance purchase
Consumer has a reverse mortgage (CA & MN residents)	Liquidity Needs	Consumer intends to apply for means-tested government benefits including, but not limited to, Medical or veteran's aid and attendance benefit (CA residents)

How is my Financial Professional Compensated?

Your Financial Professional typically has a choice of commission options regarding the timing and structure of commissions paid to him or her. In most cases, the structure of the commission selected will have no impact on the annuity contract expenses. Annuity products may offer the following commission options:

- A single, lump sum commission based on purchase amount
- A slightly reduced lump sum commission and asset-based trail commissions paid monthly or quarterly during the years the contract remains in force
- A further-reduced lump sum commission and higher asset-based trails paid monthly or quarterly during the number of years the contract remains in force

Insurance companies may also pay for due diligence meetings, conferences, trips & entertainment, relationship building events, other occasional activities, and/or provide promotional items that are intended to result in the promotion and sale of their annuity product.