Standard of Care Guidelines for Producers - Suitability and Best Interest

To help you make appropriate recommendations under the applicable standard of care, Athene Annuity and Life Company (the "Company" or "Athene") is providing the following information about Athene's standard of care review process. The standard of care program was put in place to benefit both you and the consumer and the following guidelines are designed to identify and discourage inappropriate sales and replacements in order to help you meet regulatory requirements.

This document includes specific scenarios you may encounter when collecting information to make an appropriate determination under the applicable standard of care and is intended to help you understand Athene's guidelines if you are considering recommending an Athene annuity. The guidelines are not all inclusive and are subject to change. Adherence to the guidelines does not guarantee Athene will determine the purchase of an annuity or replacement of a life insurance policy or annuity suitable for the consumer.

Company Position:

Athene is committed to meeting the needs of consumers through appropriate annuity sales. All recommendations for the purchase of an annuity, or the exchange of an annuity or life insurance product, should be appropriate for the consumer under the applicable standard of care based on information known by the producer at the time the recommendation is made. Prior to making a recommendation, the producer must obtain relevant information from consumers regarding their insurance needs and financial objectives. When giving a recommendation you should also remind consumers to discuss their annuity purchase with their tax advisor or legal professional.

For additional information about Athene's standard of care policies, please see "Doing Business with Athene Producer Guide" (form 19608).

Standard of Care Review Process:

The objective of Athene's Standards Review Team (SRT) is to review applications to ensure appropriate documentation exists to support the recommended sale. The Athene standard of care review process is designed for compliance with applicable regulations by documenting the producer's reasonable basis for making the recommendation.

Scenarios Requiring Additional Information:

You can aid Athene's standard of care review by submitting an individualized cover letter with the application explaining your recommendation. While submitting a cover letter does not guarantee that Athene will approve your recommendation, it can provide additional detail and documentation of your recommendation. Examples of situations that may warrant additional information include, but are not limited to:

- The funds to purchase the new annuity, plus the total value of all other existing Athene annuities and non-Athene annuities, represents more than 50% of the consumer(s)' household net worth.
- The consumer has less than $500 of disposable monthly income.
- The consumer is currently unemployed or disabled.
- The consumer is currently receiving child support, alimony or any other form of temporary income.
- The benefit to the consumer to transfer their assets from another financial institution to Athene is unclear or may appear inconsistent based on the information provided or the Athene product selected.
- Replacements of an annuity with an Athene annuity with a net surrender loss after any applicable Athene premium bonus.
- The reason(s) for the annuity purchase may appear inconsistent with the death benefit rider and/or lifetime income rider included with or being added to the annuity product.
- The use of the word "uncapped" as a recommendation rationale, without additional disclosures of any limitations. *Please read Bulletin 14-02 from the Iowa Insurance Division for details.*
- An Athene annuity does not provide Long Term Care (LTC) insurance nor is it a substitute for such coverage. Therefore, an LTC benefit is not an acceptable reason to purchase an Athene annuity. Any reference to LTC will require producer and/or customer corrections.

- Internal replacement of an Athene annuity with a new Athene annuity.
- The consumer is replacing an annuity with a higher death benefit or death benefit rider value than the death benefit provided by the Athene annuity. Please note that Income Base Bonuses and Benefit Base Bonuses cannot be used to offset death benefit loss.

Please note: If needed, Athene may contact you during the standard of care review to request additional information and/or form corrections from either yourself and/or the consumer.

Consumer Acknowledgement:

Any changes in financial information, needs/objectives, reasons for purchasing the Athene annuity, replacement reasoning, etc. will require corrections to the Customer Identification and Suitability Confirmation Worksheet and/or the product comparison worksheet. Athene will require that the consumer correct the forms by either having corrections made to the forms with the consumers' initials and dates or by having the consumer call Athene and provide the changes over a recorded line (Florida requires all information to be corrected in writing, initialed and dated by the consumer). In addition, any changes to financial information will require a detailed explanation as to how and why the values are changing. Athene requires details as to what assets were initially included/not included and the value of each asset. This information can be provided by the writing producer or consumer only and can be taken either in writing or verbally to Athene over a recorded line. Additional information regarding changes to needs/objectives, reasons for purchasing the Athene annuity, replacement reasoning, etc. may require further explanation from the writing producer and/or the consumer.

Consumer Contact:

You and the consumer(s) should be aware that Athene may contact the consumer(s) by phone as part of our standard of care review. Athene routinely calls all consumers age 75 and above and all consumers applying for an internal replacement. Additionally, Athene reserves the right to contact any consumer directly as part of its standard of care review.

For additional information regarding consumer contact, please see form 21841.

Declines:

There are situations where Athene will decline to issue a contract because the recommendation does not comply with the applicable standard of care. Examples of those situations may include, but are not limited to:

- Annuities that are funded with funds from a reverse mortgage or mortgage related transaction.
- Replacements of an annuity with an Athene annuity where the net surrender loss, after any applicable Athene premium bonus, exceeds 2%. If replacing a variable annuity, Athene will consider any annual fees that the consumer may save as part of the replacement. Please remember Income Base Bonuses and Benefit Base Bonuses cannot be used to offset surrender loss.
- Replacements that would result in any net surrender loss, after any applicable Athene premium bonus, in the states of **California and Minnesota**.
- Replacements of an income rider product with an Athene income rider product where the income guaranteed by the Athene product is less than what the product being replaced would guarantee at the time the consumer(s) anticipates starting income.
- Replacement of an annuity with an income rider, or a two-tiered annuity that provides an income payout, with an Athene annuity that does not have an income rider without appropriate rationale and documentation.
- Replacements of annuities with high death benefit and/or death benefit rider values.
  - » If the difference between the surrender value, after any applicable Athene premium bonus, and the death benefit value/death benefit rider value is higher than the guidelines below:
    - Consumer(s) Age 69 and under: difference of 10%;

    - Consumer(s) Age 70-74: difference of 5%; or
    - Consumer(s) Age 75 and above: difference of 3%
  - For replacements where Athene will provide a higher guaranteed income payout, Athene will provide an income rider that is not currently available to the consumer or where a variable annuity is being replaced for principal protection, the difference between the surrender value, after any applicable Athene premium bonus, and the death benefit value/death benefit rider value is higher than the guidelines below:
    - Consumer(s) Age 69 and under: difference of 20%;
    - Consumer(s) Age 70-74: difference of 15%; or
    - Consumer(s) Age 75-79: difference of 10%; or
    - Consumer(s) Age 80 and above: difference of 3%
- Replacements of annuities with a 4% or higher guaranteed fixed rate or current fixed rate.
- Insufficient Liquid Assets
  - A consumer under the age of 59.5 that has less than three months of expenses covered by liquid assets.
    - Liquid assets cannot include any qualified assets.
    - Allowable liquid assets include checking/savings, stocks/bonds, mutual funds, certificates of deposit and money markets.
  - A consumer that is age 59.5 or above that has less than six months of expenses covered by liquid assets.
    - In addition to the allowed liquid assets listed above, consumers age 59.5 or above may include qualified assets, annuities out of the surrender period, free withdrawals and pension/401k funds (if the consumer is separated from service) as part of their liquid assets.
  - Athene does not allow the consumer's personal property to be included in their household liquid assets. Examples of personal property include: Guns, furniture, appliances, other household items, clothing, jewelry, etc. Other examples of items that cannot be considered as part of the consumer's liquid assets are: Health savings accounts (HSA), cash value of life insurance, home equity lines of credit (HELOC), lines of credit, funds from a reverse mortgage, equipment/tools/tractors/farm equipment, antiques, etc. If any of these items are used as part of the consumer's liquid assets, corrections will be required from the consumer and/or Athene may be unable to accept the application.
- Athene does not allow the consumer's primary residence, automobiles or personal property to be included in their household net worth. Examples of personal property include: Guns, furniture, appliances, other household items, clothing, jewelry, etc. If any of these items are used as part of the consumer's net worth, corrections will be required from the consumer and/or Athene may be unable to accept the application.
- A lack of information to support the sales recommendation.
- Contact with the consumer(s) indicates:
  - A general lack of awareness about the sales transaction including the benefits/features of the annuity and/or conditions, limitations, or restrictions on receiving funds from the Athene annuity.
  - That their financial information, financial situation, future needs and/or objectives were not discussed prior to completing the application.
- Exceeding Athene's annuity premium to net worth guidlines:
  - For consumers with a net worth of $100,000 or under, Athene does not accept applications for consumers who currently have or would have higher than 50% of their net worth in annuities.
  - For consumers with a net worth above $100,000, Athene will potentially accept up to 70% of their net worth in annuities. Approval up to 75% is at the discretion of Athene and additional information may be required from the consumer and/or producer. Athene does not accept applications for consumers who currently have or would have higher than 75% of their net worth in annuities.
- Inconsistent information from the producer, consumer(s) and/or the documentation submitted.
- Replacement of an annuity issued within the previous 24 months, including penalty free withdrawals.
- Purchasing an Athene annuity in order to attempt to qualify for means-tested government benefits in **California**.

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Non-Resident Sales/Cross-Border Sales

The Athene standard of care review process also includes review of non-resident sales for compliance with state regulations. A "non-resident sale" (sometimes referred to as a "cross-border sale") occurs whenever a customer buys an annuity contract outside his or her state of residence. You and the consumer(s) should be aware that some states prohibit cross-border sales to residents of their states in general.

- It is Athene's interpretation that the following states do not permit sales of insurance products to their residents outside their state of residence: Arkansas, Massachusetts, Minnesota, Mississippi, New York, Utah, Washington, and Wisconsin. Athene does not allow for such sales and will decline any application for a cross-border sale to residents of these states. Note, non-resident prohibitions vary for Arkansas and Mississippi residents. Please review the Non-Resident Information Sheet (form 16257) for additional information on Athene's rules for these sales.

Even in cases in which the sale is appropriately in a state other than the applicant's residence state, the Non-resident Information Sheet is completed and an explanation for the non-resident sale is provided, Athene reserves the right to decline applications based on the information provided or other information known to the Company. State insurance departments closely examine transactions in which residents of their states are being sold insurance products outside their jurisdiction. The repercussions for producers and insurance companies can be severe, and may include the issuance of fines or penalties, remediation, or suspension of producer licenses.

Summary:

Athene's standard of care program is designed to benefit consumers and help producers meet and/or exceed regulatory requirements. It is required that every recommendation you make to purchase or exchange an Athene annuity product be appropriate for the consumer under the applicable standard of care. A decision to recommend an annuity should be based on a careful analysis of the information gathered from the consumer. By making sure consumers understand the features, benefits, risks, costs and fees associated with the annuity, you can help ensure consumer satisfaction and compliance with regulatory requirements.

Questions

The Athene Sales Desk is happy to discuss the appropriateness of a potential sale with you. While we cannot make a determination that a recommendation would satisfy the applicable standard of care over the phone, we can discuss the case and let you know of any questions or concerns we may have based on the information you share. Simply call the Sales Desk at 888-ANNUITY (266-8489) during normal business hours or visit Athene Connect, our producer website.

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Athene Life and Annuity Company
West Des Moines, IA 50266-3862

Athene Annuity & Life Assurance Company of New York
Pearl River, NY 10965

Athene.com