

**84-24 DISCLOSURE FORM INSTRUCTIONS FOR IRAS**  
**(SALE OF ANNUITIES JUNE 9, 2017 THRU DECEMBER 31, 2017)**

**GENERAL CONSIDERATIONS:**

1. For the most part, the disclosure form contains only the information that the exemption requires to be disclosed to IRA owners. There are other requirements that must be satisfied, described below.
2. In recommending an annuity, the agent must act in the Best Interest of the IRA owner.
3. All statements by the agent about the recommended contract, fees and material conflicts of interest (*see* "Defined Terms") must not be materially misleading. Failure to disclose a material conflict of interest is considered to be misleading. Information about the contract, carrier, material conflicts of interest and additional fees for holding the contract must be included on the disclosure form.
4. The transaction must be effected in the ordinary course of the agent's business, must be on terms at least as favorable to the IRA owner as an arm's length transaction with an unrelated party would be, and the commission to be received by the agent must not exceed reasonable compensation for the services provided.
5. The agent must not be a trustee or fiduciary with discretionary authority over the investment of assets of the IRA.
6. The disclosures must be provided in writing prior to execution of the transaction.
7. After receipt of the disclosures, and prior to execution of the transaction, the IRA owner must acknowledge in writing the receipt of the disclosures and approve the transaction.
2. If the agent is affiliated with the insurance company (*see* "Defined Terms"), that should be specified.
3. If the agent's ability to recommend annuity contracts is limited by an agreement, it should be affirmatively stated. If so limited, the affirmative statement should be included in the form given to the IRA owner.
4. The agent's commission for the first year and each succeeding year should be disclosed where indicated on the form.  
  
The commission should be disclosed as a percentage of gross annual premium payments.
5. The Product Summary discloses charges, fees, discounts, penalties or adjustments which may be imposed under the recommended contract in connection with the purchase, holding, exchange, termination or sale of the contract.
6. The 84-24 exemption conditions its relief on, among other things, the requirement that the statements by the insurance agent "about recommended investments, fees, Material Conflicts of Interest, and any other matters" relevant to an IRA owner's decisions are not materially misleading at the time they are made. The failure to disclose a material conflict of interest is considered to be a misleading statement.  
  
The disclosure form provides space for the agent to disclose any material conflicts (*see* "Defined Terms").

**SPECIFIC INSTRUCTIONS:**

1. The annuity contract and the issuing insurance company should be identified in the form.
7. The disclosure form provides for the date, name and signature of the agent. That should be completed at or near the time of delivery.
8. The completed and written form must be delivered to the IRA owner and approved and

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signed by the IRA owner prior to the execution of the transaction.

- 9. The completed and signed disclosure form must be maintained for a period of six (6) years, in a manner that is reasonably accessible for audit and examination.**

10. If more than three years has passed since this disclosure was made, a new 84-24 disclosure must be made for additional purchases of the same kind of contract. However, a new disclosure must be provided for a materially different contract or where the commission is materially different.

**DEFINED TERMS:**

**Affiliate:**

- (a) The term “Affiliate” of a person means:
- (1) Any person directly or indirectly controlling, controlled by, or under common control with the person;
  - (2) Any officer, director, employee (including, in the case of Principal Underwriter, any registered representative thereof, whether or not the person is a common law employee of the Principal

Underwriter), or relative of any such person, or any partner in such person; or

- (3) Any corporation or partnership of which the person is an officer, director, or employee, or in which the person is a partner.

**Best Interest:** This means that the agent must act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims, based on the investment objectives, risk tolerance, financial circumstances and needs of the IRA owner, without regard to the financial or other interests of the agent or any affiliate or other party.

**Material conflict of interest:** A material conflict exists when a person has a financial interest that a reasonable person would conclude could affect the exercise of its best judgment as a fiduciary in rendering advice to a plan or IRA.

**Other charges, fees, discounts:** Charges, fees, discounts, penalties or adjustments which may be imposed under the recommended contract in connection with the purchase, holding, exchange, termination, or sale of the contract.