

SILA Variable Annuity Basics

Word Count 40,146 = 12 CE hours

Course Description: The primary focus of this annuity course is the variable product and how this type of annuity functions in the marketplace as both insurance and security. Included are discussions on the separate and subaccount maintenance and management, distribution options, and the contingent deferred annuity. Annuity topics required by the NAIC Model Act for Annuity Suitability are also covered:

- Parties to and provision of annuity contract
- Types and the primary uses of annuities
- Suitability, replacement, and disclosures
- Taxations issues related to qualified and nonqualified contracts

Chapter 1 Annuity and Contract Provision Basics

Introduction; Parties to the Contract; Types of Annuities; Annuity Phases; Common Contract Provisions and Charges; Income and Death Benefit Riders and Bonuses; Bonuses, Capital and Surplus; Financial Strength Rating Agencies; State Guaranty Funds; Reserves (Legal Reserves); Summary; Review Questions

Chapter 2 Variable Annuities

Insurance or Security?; Variable Annuities in the Marketplace; The Cost of Owning a Variable Annuity; Separate Account and Subaccount Maintenance and Management; Distribution Options; The Variable Annuity versus a Mutual Fund; Contingent Deferred Annuities versus the Variable Annuity; Summary; Review Questions

Chapter 3 Suitability and Replacement

Suitability Sales Standards; Replacement of Annuities; Summary; Review Questions

Chapter 4 Taxation of Annuities

Introduction; Tax-Qualified Plans; Taxation of Qualifies and Non-Qualified Annuities; Tax Deferral & Annuities; Taxation Rules for Non-Qualified Annuities; Taxation of Qualified Assets during the Lifetime of the Owner; Taxation at Death of Owner (Spousal Continuation); Summary; Review Questions

Review Answers and Rationales