Polar Investment Counsel, Inc.
Home Office: Thief River Falls MN
www.polarinvest1.com
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Polar Investment Counsel Inc.
Member: FINRA, NFA, MSRB, SIPC
Securities Cleared: Hilltop Securities Inc.
Member NYSE, FINRA. SIPC

ANNUITY PURCHASE DISCLOSURE

This and other necessary forms must be completed prior to the submission of an actual application

You are reading this document because you are considering the purchase of an annuity contract and because Polar Investment Counsel, Inc. (PICI) requires that you read and execute this document prior to purchasing an annuity contract. If this transaction involves a policy replacement, an "Annuity Exchange Disclosure" form is also required.

Annuity contracts, especially variable annuity contracts, have been among the **most complicated and most expensive investment products** available. This having been said, it should be noted that recently many issuers are offering new products with significantly lower costs.

The contemplated purchase of a complex investment product such as an annuity (fixed annuity or variable annuity) requires careful considerations as to the **suitability of such an investment:**

- The purchaser should have a long term investment horizon in most situations and must understand that variable annuity sub accounts may have substantial risk and volatility.
- Substantial surrender charges assessed by the issuer may apply, the purchaser should be aware of these and all other costs of early withdrawal of the funds, which impede liquidity.
- Substantial Internal Revenue Service penalties may exist for early withdrawal of the funds, these are in addition to any early withdrawal penalties imposed by the issuer, further impeding liquidity.
- State and local government premium taxes may apply.
- Significant additional annual issuer charges may apply for (but not limited to) such items as investment advisory fees, mortality expenses, administrative fees, and fees which may apply to other riders. The purchase of a variable annuity contract will incur significantly greater expense and suffer more significant liquidity restriction than if the sub accounts (mutual fund families) had been purchased without an annuity wrapper.
- Purchase of an annuity contract within a qualified retirement plan such as an IRA or 401-k plan will result in no additional tax sheltering, but will be more expensive than the purchase of various mutual funds within an IRA or 401-k account without the annuity wrapper. Purchase of an annuity contract within a qualified plan requires careful consideration and genuine need for features that only the annuity can offer.
- The purchaser of an annuity contract must remember that their investment is *not FDIC insured and may lose in value*. Additionally, annuity purchasers should be aware that even though principal may be "backed or insured" by the insurance company issuing the contract, or if the insurance company fails, then by a state sponsored pool of some sort, such guarantees or assurances are by no means on a par with or equal to FDIC insurance or any other U.S. Government guarantee.

The above disclosure is an essential part of the investment selection process and the annual and cumulative impact of the costs of purchasing and maintaining an annuity investment must be understood thoroughly.

This not withstanding, some annuity contracts issued today make excellent "investment sense". In some circumstances, for example:

- Annuities are about a lot more than tax deferral; however, it should be noted that variable annuities allow shifts in asset allocation or portfolio rebalancing without current tax consequences. A feature not generally available outside of a qualified retirement plan or annuity wrapper.
- At an extra cost, many annuity contracts provide both living and death benefit guarantees which protect clients and their heirs against market related risk. Even though these benefits involve extra cost to the client, for many clientele, these benefits are invaluable.
- Generally, the firm advises against the purchase of an annuity inside of a qualified plan (i.e., within an IRA account) as the annuity is itself an expensive tax deferred vehicle placed within another tax deferred vehicle. However, to some, an annuity contract which guarantees against market loss is desirable even within a qualified plan. After all, most individuals do not hesitate to insure automobiles or other depreciating assets against loss, so, is it not natural that they may see value in insuring their life savings or retirement "nest egg"?
- Please examine very carefully the features available in any given annuity contract, the individual availability of any given feature and the cost of that feature. Also, **please remember that you may speak with a senior Home Office principal of Polar Investment Counsel, Inc. concerning your situation and any purchase you may be considering.**

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Please provide the following information in complete detail:

Client Name: ____ Date of Birth:_________________

Client Name: ____ Date of Birth: _________________

Address: ____ City/State/Zip: _____________________________

Date of current PICI New Account Form: __________________________________

Issuing Insurance Company: ____ Type of Contract: _______________________________________

Description and detailed annual cost of standard contract:

Description and annual cost of additional features selected:

Surrender values at the end of each year assuming 0% investment returns, including cumulative annual expenses and application year surrender charges:

Amount Invested: $_____________________________

Year 1: $_____________ Year 2: $_____________ Year 3: $_____________ Year 4: $_____________

Do the above figures incorporate any purchase bonus? ☐ Yes ☐ No Amount of bonus $_______________

Provide complete details of the reason(s) for the purchase of this annuity (description must be complete or a delay may result):

By execution of this document client(s) acknowledge they were offered the opportunity of speaking with a senior Home Office Principal.

____ ____
Client Signature Date Client Signature Date

____ ____
Representative Signature Date Branch Manager Signature Date

____
PICI Home Office Principal Signature Date

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