

VARIABLE ANNUITIES ASK QUESTIONS

Ask **YOURSELF** questions to ensure that you understand what you are investing in and if it suits your particular investment needs.

1. Will I use the variable annuity primarily to save for retirement or a similar long-term goal?
2. Do I understand all the features of the variable annuity?
3. Am I willing to take risk that my payout may be a lot less if the underlying investment options perform poorly?
4. Do I understand all of the charges and fees of the variable annuity?
5. Am I purchasing from a trusted salesperson and feel comfortable with all of the information he/she has provided?
6. Is this annuity investment right for me given my age, the lock-in time and my tolerance for risk?

REMEMBER: Before purchasing a variable annuity, you owe it to yourself to learn as much as possible how they work, the benefits they provide, and the charges you will pay.

Ask the **SALESPERSON** questions to protect yourself from being a victim of investment fraud.

1. Are you registered with the Office of the Securities Commissioner to sell this product?
2. Did you disclose all commission, charges and fees associated with this transaction?
3. What is the total commission, charges & fees you will receive from this transaction?
4. What will it cost to withdraw my money early?
5. Is there a lock-in period and how long is it?

REMEMBER: Give yourself time to think about the purchase. Variable annuity contracts typically have a “free look” period of ten or more days, during which you can terminate the contract without paying any surrender charges and get back your purchase payments. You can continue to ask questions in this period to make sure you understand your variable annuity before the “free look” period ends.



Hawaii Department of Commerce & Consumer Affairs
Office of the Securities Commissioner



1-877-HI SCAMS



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HI Securities



VARIABLE ANNUITIES

BEWARE OF FEES AND CHARGES

Several charges and fees will be incurred when you invest in a variable annuity. Be sure you understand all the charges before you invest and understand how much that takes away from your investment. It could be a lot. *If you don't understand the charges, don't purchase the annuity.*

Surrender Charges:

A type of sales charge or penalty you will pay if you withdraw your money from a variable annuity within a certain period after purchase (*typically within 6 to 8 years*).

Mortality and Expense Risk Charge:

This charge is equal to a percentage of your account value (typically about 1.25% per year) and compensates the insurance company for risks it assumes under the annuity contract.

Administrative Fee:

These charges cover record-keeping and other administrative expenses of the insurance company and may be charged as a flat account maintenance fee (usually \$25 or \$30 per year) or as a percentage of your account value (typically about .15% per year).

Underlying Fund Expense:

These fees and expenses are imposed by the underlying investment and will likely be paid indirectly by you. These funds are taken annually as a percentage of your assets invested in the fund.

Management Fee:

A fee to manage the investment portfolio (can range from .10% or higher)

Distribution & Service Fees:

Also known as Rule 12b-1 fee to manage the investment portfolio.

Charges and Fees for other features:

Special features offered by some variable annuities, such as a stepped-up death benefit, a guaranteed minimum income benefit, or long-term care insurance, often carry additional fees and charges.

INVESTOR ALERT: BE SURE TO GET THE CHARGES AND FEES IN WRITING BEFORE YOU SIGN.

To report investment fraud, call 587-2267/Toll Free 1-877- 447-2267.

Protecting Hawaii Investors