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## DEPARTMENT OF LABOR FIDUCIARY RULE UPDATE

The information provided on this page is intended to deliver an overview of the key impacts on the annuity business of American Equity Investment Life Insurance Company as a result of the Department of Labor's Fiduciary Rule ("Fiduciary Rule"). We realize the impact this rule will have on our valued agents and marketing partners and continue our commitment to be here for them to assist with their efforts to implement this rule.

### The Fiduciary Rule

The Fiduciary Rule expands the definition of fiduciary investment advice under the Employee Retirement Income Security Act (ERISA) and has consequences for agents who make recommendations about the investment or management of qualified funds. The Fiduciary Rule prohibits conflicts of interest unless the Best Interest Contract Exemption (BICE) or Prohibited Transaction Exemption 84-24 (PTE 84-24) are used. As long as the conditions of the appropriate exemption are met, agents are allowed to receive certain types of compensation in exchange for investment advice related to qualified funds.

### Fiduciary defined

A Fiduciary is any person who provides investment advice or recommendations in exchange for a fee or other compensation, direct or indirect, with respect to assets of an ERISA plan or IRA.

### Current state of the Fiduciary Rule

On May 22, 2017, Department of Labor Secretary Acosta confirmed the agency will not delay the applicability date of the Fiduciary Rule beyond June 9, 2017. Parts of the BICE and PTE 84-24, under the Fiduciary Rule, are delayed until January 1, 2018.

Impact Of The Fiduciary Rule On Annuity Sales	
<b>Now through June 8, 2017</b>	Business at our company will continue as usual.
<b>June 9, 2017 through December 31, 2017</b>	<ul style="list-style-type: none"> <li>• The expanded <b>Fiduciary</b> definition is in effect.</li> <li>• To receive a commission for sales or rollovers involving qualified funds, agents must use either PTE 84-24 or BICE for <i>traditional fixed and fixed indexed annuity business</i>. This includes new sales and additional premium submitted by an agent.</li> </ul>
<b>January 1, 2018 and after</b>	<ul style="list-style-type: none"> <li>• Full compliance with the Fiduciary Rule is required.</li> <li>• To receive a commission for sales or rollovers involving qualified funds for <i>fixed indexed annuity business</i>, agents must use the BICE. This includes new sales and additional premium submitted by an agent.</li> <li>• To receive a commission for sales or rollovers involving qualified funds for <i>traditional fixed annuity business</i>, agents must use either PTE 84-24 or BICE. This includes new sales and additional premium submitted by an agent.</li> </ul>

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## PTE 84-24

<b>June 9, 2017 through December 31, 2017</b>	<p>To use PTE 84-24, agents must:</p> <ul style="list-style-type: none"><li>• Comply with the <b>Impartial Conduct Standards</b>; and</li><li>• Provide a written disclosure of material conflicts of interest using a written 84-24 disclosure prior to the transaction. Agents are responsible for complying with the disclosure requirement and must retain a copy of all required documentation, including the disclosure, for at least 6 years. Agents may use their own disclosure or refer to our template available <a href="#">here</a>. We do not need to receive a copy of this disclosure.</li></ul>
<b>January 1, 2018 and after</b>	<p>PTE 84-24 may be used for <i>traditional fixed annuity business</i> only. To use PTE 84-24, agents must:</p> <ul style="list-style-type: none"><li>• Comply with the <b>Impartial Conduct Standards</b>;</li><li>• Provide a written disclosure of material conflicts of interest using a written 84-24 disclosure <i>prior to the transaction</i>. Agents are responsible for complying with the disclosure requirement and must retain a copy of all required documentation, including the disclosure, for at least 6 years. Agents may use their own disclosure or refer to the template we will make available by January 1st. We do not need to receive a copy of this disclosure; and</li><li>• Ensure compliance with any other obligations imposed by PTE 84-24.</li></ul>

### **Impartial Conduct Standards**

The Impartial Conduct Standards require agents to act in the client's best interest, receive no more than reasonable compensation, and avoid misleading statements to clients.

## BICE

<b>June 9, 2017 through December 31, 2017</b>	<p>To use BICE, agents must:</p> <ul style="list-style-type: none"> <li>• Have a Financial Institution in their hierarchy; and</li> <li>• Comply with the <b>Impartial Conduct Standards</b>.</li> </ul>
<b>January 1, 2018 and after</b>	<p>BICE must be used for all <i>fixed indexed annuity business</i>. To use BICE, agents must:</p> <ul style="list-style-type: none"> <li>• Ensure the BICE agreement is executed and all required disclosures are made; and</li> <li>• Comply with the <b>Impartial Conduct Standards</b>; and</li> <li>• Submit all <i>fixed indexed annuity business</i> to their Financial Institution. The Financial Institution may require that traditional fixed annuity business be submitted through them as well; and</li> <li>• Ensure compliance with any other obligations imposed by the Fiduciary Rule and their Financial Institution. The Financial Institution is responsible for ensuring its agents and operations meet the BICE requirements.</li> </ul>

## Submitting Business To Us

<b>June 9, 2017 through December 31, 2017</b>	<p>We will accept sales and rollovers involving qualified funds for traditional fixed and fixed indexed annuity business under PTE 84-24 or BICE. We will require that a signed Producer Attestation (<a href="#">Form 4510</a>) be provided for all qualified PTE 84-24 business submitted to us. <i>This includes new sales and additional premium submitted by an agent.</i></p>
<b>January 1, 2018 and after</b>	<p>All sales and rollovers involving qualified funds for <i>fixed indexed annuity business</i> must be submitted under BICE and by the Financial Institution. <i>This includes new sales and additional premium submitted by an agent.</i></p> <p>All sales and rollovers involving qualified funds for <i>traditional fixed annuity business</i> must be submitted under PTE 84-24 or BICE. <i>This includes new sales and additional premium submitted by an agent.</i> The Financial Institution may have its own requirements regarding which exemption must be used. If submitted under BICE, business must be approved by the Financial Institution.</p>

Aside from the requirements outlined above, there are no changes to the new business process, including suitability reviews.

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### **Changes to existing agreements**

Certain existing agent and license-only agreements will be changed to ensure agents comply with the above requirements for sales and rollovers involving qualified funds for traditional fixed and fixed indexed annuity business. Entities that will serve as a Financial Institution will need to complete a new selling agreement and provide requested due diligence information. Please see the Financial Institution section below for additional information.

### **Changes to the agent contracting process**

There are no changes to our agent contracting practices. Entities serving as a Financial Institution may have requirements for agent contracting. Agents should contact the Financial Institution in their hierarchy to understand any such requirements.

### **Agent training**

We do not currently have any new training requirements. Training on the Fiduciary Rule may be required after June 9, 2017. Agents should contact the Financial Institution in their hierarchy to understand and complete any required training.

### **The Financial Institution**

A bank, broker/dealer, registered investment advisor or insurance company can serve as a Financial Institution. Unless an agent is using BICE beginning on June 9, 2017, a Financial Institution will not be required for an agent to transact business with American Equity until January 1, 2018. Entities seeking to serve as a Financial Institution with respect to business submitted to us may contact Jackie Ward, our Chief Compliance Officer, at [compliance@american-equity.com](mailto:compliance@american-equity.com) for additional information.

### **Product changes**

We are not making any changes to existing products as a result of the rule. We are committed to providing a variety of tax-deferred retirement products that are safe, simple and competitive. We will continue to develop any products for which we see a need.

**Thank you for visiting this page.  
Please check back periodically for any updates.**

**[Posted May 24, 2017]**