

## Common life insurance fees

### **Cost of insurance**

This is the actual cost of having insurance protection. It's based on your age, gender, health and death benefit amount. This fee is usually charged once a month.

### **Premium loads/sales charges**

These charges compensate us for sales expenses and state and local taxes. Charges are deducted from your premium payment before it is applied to the policy.

### **Administration fees**

These fees are used to pay the costs of maintaining the policy, including accounting and recordkeeping. Administration fees usually are deducted from your policy value once a month.

### **Monthly per thousand charge**

This charge is based on your age, gender and underwriting classification. This charge is assessed monthly.

### **Surrender charge**

This charge is deducted from your cash value if you surrender (terminate) your policy during your surrender charge period. Be sure to check the length of your surrender charge period when evaluating a policy to buy.

### **Mortality and expense risk charge**

When we issue a policy, we estimate you'll live to a certain age based on your current age, gender and health. A mortality & expense charge compensates us if you don't live to the estimated age. This charge is generally charged once a month.

### **Fund management fees**

These fees compensate the fund managers for their work. Fund management fees are usually deducted from the price paid for the shares of underlying fund options, and not directly from your cash value.

## Common annuity fees

### Become familiar with fee types

While you do not have to become an expert on all annuity fees, knowing the most common types will help you evaluate products and ask the right questions. Generally, there are 4 types of annuity fees mentioned below:

**Insurance charges.** Also known as mortality and expense (M&E) fees and administrative fees, these charges pay for insurance guarantees that are automatically included in the annuity, and the selling and administrative expenses of the contract.

**Investment management fees.** These are assessed on the investment options within variable annuities, and are similar to management fees on mutual funds. Check the annuity prospectus for any underlying funds to learn how much you might pay for investment management fees.

**Surrender charges.** Most insurance companies limit the amount of penalty-free withdrawals one can take during the initial years of a contract, and place a surrender charge on any withdrawals above that preset limit. Be careful, as surrender charges can be significant and can be imposed for an extended time period. Be sure to ask for details on any surrender charges to help ensure that you have enough flexibility.

**Rider fee.** Riders are optional guarantees available in some annuities. For example, a death benefit rider may be available at an additional cost to ensure your heirs receive at least the principal you invested upon your death (minus any withdrawals). Some riders are not optional and may be at a standard cost associated with the annuity contract.

## Agent/Advisor Commissions/Fees

### Insurance:

*The client is not charged a commission, it is paid by the issuing company;*

- based on the Target Premium
- based on the premium exceeding the Target Premium
- renewals also pay a commission to the licensed advisor

### Annuities:

*The client is not charged an up-front commission, but there may be surrender charges\**

- based on the premium paid
- annual trail commission based on AUM

*\*Surrender charges are set by the issuing company for a preset period of time.*