



FARMERS LIFE INSURANCE COMPANY

HARVEST[®] FIA

FIXED INDEX ANNUITY

Individual Fixed Modified Single-Premium Deferred Index Annuity
Product Training

PRODUCT TRAINING OVERVIEW

Farmers Harvest® FIA

Overview

Harvest® FIA Required Product Training

- In compliance with applicable state suitability regulations, Farmers Life Insurance Company requires all producers to complete product-specific training prior to offering the Harvest® Fixed Index Annuity (FIA) for sale.
- You are required to review and complete the entire training module.
- This training module is for registered representative/producer use only and should not be used in the sales context.

Key Objectives

This training is intended to help you answer critical questions, including:

- Who would best be advantaged by a Harvest[®] FIA?
- What is the “Index” in Fixed Index Annuity?
- What are the key features of the Harvest[®] FIA?
- What are the plan choices of the Harvest[®] FIA that provide the flexibility you need to help meet your clients’ varying financial goals?
- What plan design enhancements are available?

Key Objectives (cont.)

- What is a market value adjustment and how does it work? Is there an advantage to having an MVA feature?
- Will clients have access to funds without surrender charges? If so, for which instances?
- What payment options are available at maturity?
- What is paid upon death of the owner?
- What should you keep in mind in support of Farmers' commitment to the important issue of suitability?
- What are some of the product-specific business guidelines you should know?



CLIENT PROFILE

Client Profile

A Harvest® FIA may be right for:

- Clients who wish to:
 - Save money for retirement and receive retirement income for life.
 - Optimize asset growth with upside potential based on market performance.
 - Protect assets from market downturns.
 - Use the asset to meet long-term obligations and don't expect to need access to funds in the near term.
- Clients who are looking for:
 - A choice of plans to diversify asset allocation to flexible crediting options.
 - Affordable minimum premium requirements.
 - The ability to reallocate assets to meet changing market performance.
- Clients who are an eligible age.



INTRODUCTION TO PRODUCT FEATURES

General Product Information

The Harvest® FIA is an Individual Fixed Modified Single-Premium Deferred Index Annuity.

Harvest Fixed Index Annuity (FIA)			
Free Look Period	30 days		
Minimum Purchase Payment	\$10,000 for both Qualified and Nonqualified Contracts		
Maximum Purchase Payment (without Home Office approval)	\$1,000,000		
Maximum Issue Age	Age 85		
Death Benefit Amount	Full Contract Value		
Available Interest-Crediting Accounts	Fixed Interest Account	Index Interest Account Participation Rate	Index Interest Account Cap Rate
Index Interest Account Enhancements	Index Interest Account Enhanced Cap Rate		Index Interest Account Enhanced Participation Rate
Enhanced Liquidity Package Available	Enhanced Liquidity Rider		Enhanced Benefit Rider
Premium Bonus Available	Can be applied to the 7-year or 10-year duration only; Vests over the Surrender Charge Period; Not available with the Enhanced Liquidity Package or the Enhanced Premium Bonus		
Enhanced Premium Bonus Rider Available	Can be applied to the 7-year or 10-year duration only; Vests over the Surrender Charge Period; Not available with the Enhanced Liquidity Package or the Premium Bonus		

Surrender Charge Schedule

5-year	9%, 8%, 7%, 6%, 5%
7-year	9%, 8%, 7%, 6%, 5%, 4%, 3%
10-year	9%, 8%, 7%, 6%, 5%, 4%, 3%, 2.5%, 1.5%, 0.9%

Key Features

- Principal and earnings are not subject to income taxes until withdrawn or distributed*
- Additional premium payments accepted for the first Contract Year
- Flexible interest account options
- Choice of benefit enhancements
- Includes a Market Value Adjustment (MVA) feature
- Several ways to access funds without incurring a Surrender Charge or MVA
- Death benefit payable in the event of the Owner's death
- Choice of annuity benefit payment options

*Under current tax law, a 10% IRS early-withdrawal penalty may apply to withdrawals or distributions prior to age 59½.



MAIN PRODUCT FEATURES

Accounts

Allocation — Premium may be allocated among a Fixed Interest Account and various Index Interest Accounts.

Fixed Interest Account

- The account features a one-year interest rate guarantee.
- Interest is credited daily.

Accounts (cont.)

Index Interest Account

- Interest is credited at the end of each Point-to-Point Index Term Period.
- The amount of interest to be credited is based on index performance from the beginning to the end of each Index Term Period.
- The FIA includes a choice of nationally recognized indices.
- Interest earnings are locked into the account value.
- Funds in Index Interest Accounts will not decrease if the market goes down.
- Index interest credit is subject to a (1) Cap Rate or (2) Participation Rate with a Spread.

Reallocation — Funds may be reallocated among the Fixed Interest Account and the Index Interest Accounts at the end of each Point-to-Point Index Term Period.

Index Interest Account Options

Index Interest Account – Participation Rate

- Credited interest is based on (1) a percentage (the Participation Rate) of the index change as of the end of the Index Term Period and (2) a Spread.
- The Participation Rate, including the Spread, is guaranteed for the Index Term Period for which it is declared.
- A new Participation Rate, including a new Spread, will be declared for each Index Term Period.

Index Interest Account – Cap Rate

- Credited interest is “capped” at a maximum interest rate.
- The Cap Rate is guaranteed for the Index Term Period for which it is declared.
- A new Cap Rate will be declared for each Index Term Period.

Choice of Indices

- S&P 500® Index
- S&P U.S. Dividend Growers VA RC2 7.5% Index
- Bloomberg Global Momentum Diversified Leaders 5% ER Index
- Nasdaq-100 Volatility Control 7% Index

Index Interest Account Enhancements

Your clients may choose enhanced features for certain index interest accounts.

Index Interest Account – Enhanced Participation Rate

- Election of this feature results in a higher Participation Rate and/or a lower Spread than would be provided without this feature.
- A contract fee applies to this feature.
- The contract fee is deducted from the fund value allocated to enhanced Participation Rate accounts at the beginning of each Index Term Period.

Index Interest Account – Enhanced Cap Rate

- Election of this feature results in a higher Cap Rate than would be provided without this feature.
- A contract fee applies to this feature.
- The contract fee is deducted from the fund value allocated to enhanced Cap Rate accounts at the beginning of each Index Term Period.

Market Value Adjustment

- Products with an MVA feature generally have a higher interest rate than like products without an MVA feature.
- MVA Period runs concurrently with the Surrender Charge Period
- May increase or decrease benefits payable under the contract
- Based on the performance of an MVA index
 - Generally, if interest rates rise after the beginning of the Surrender Charge Period, the MVA will decrease benefits.
 - Conversely, if interest rates fall, the MVA will increase benefits.
- Will not reduce benefits below the Guaranteed Minimum Cash Surrender Value
- Waived on the amount of benefit payments for which Surrender Charges are waived

Access to Annuity Funds

Provides a number of ways to access funds without incurring a Surrender Charge or MVA:

- **Penalty-Free Withdrawal**
 - Available after the first contract year.
 - 10% of the Contract Value as of the last Contract Anniversary or the Required Minimum Distribution (if a qualified plan), whichever is greater.
 - The Required Minimum Distribution (RMD) if your annuity is part of a tax-qualified plan that includes RMDs.

***Note:** Withdrawals must be at least \$100; at least \$2,000 must remain in the contract to remain in-force. A 10% IRS penalty may apply to withdrawals taken before age 59½.*

- **Expiration of the Surrender Charge Period**

Contract Enhancements

The Harvest® FIA provides a **Premium Bonus** feature available on the 7-Year or 10-Year duration for election by your clients.

- Credited to the Contract Value on the date each premium is paid
 - Additional premium payments are accepted during the first Contract Year.
 - The Premium Bonus for the initial premium payment is allocated to the accounts based on your Client's choice of account allocation percentages.
 - The Premium Bonus for additional premium paid thereafter will be allocated to the Fixed Interest Account.

Contract Enhancements (cont.)

- Vests over the Surrender Charge Period
 - Surrenders and withdrawals taken during the Surrender Charge Period will reduce the amount of vested premium bonus amounts.
 - Is considered fully vested for purposes of penalty-free withdrawals.
 - Is considered fully vested for purposes of death benefits *if* the Enhanced Death Benefit Rider has been elected.
- Is not considered premium; rather, the Premium Bonus is considered interest earnings.

Contract Enhancements (cont.)

The Harvest® FIA also provides the availability of an Enhanced Death Benefit feature.

- **Enhanced Death Benefit Rider** – Surrender Charges and MVAs are waived in the event of the Owner's death. The Death Benefit equals the Contract Value. The Enhanced Death Benefit Rider is automatically included in the contract for no additional fee.

Contract Enhancement Package

Farmers Harvest® FIA provides an Enhanced Liquidity Package for election by your clients, which is not available if the Premium Bonus has been elected. The Package consists of:

- **Enhanced Benefit Rider** – Surrender Charges and MVAs are waived in the following instances:
 - **Terminal Illness** – Illness or physical condition that is reasonably expected to result in the Owner's death within 12 months, and such terminal illness is diagnosed after the contract effective date.
 - **Qualified Nursing Care** – At least 30 consecutive days confined in a qualified nursing care facility, and such confinement begins after the contract effective date.

Contract Enhancement Package (cont.)

- **Enhanced Liquidity Benefit Rider**

- Applies after the first 30 days of the Contract, i.e., no waiting for the first contract year to lapse as with the Penalty-Free Withdrawal without this rider.
- Surrender Charges and MVAs are waived for partial surrenders up to 10% of the Contract Value as of the last Contract Anniversary or the Required Minimum Distribution (if a qualified plan), whichever is greater.
- If the waiver under this rider has not been used in the previous Contract Year, the percentage of the Contract Value available in the current year under this rider is increased to 20% of the Contract Value as of the last Contract Anniversary.

Optional Rider for a Fee

By selecting the optional **Enhanced Premium Bonus Rider**, clients are able to increase their accumulation potential on the 7-Year or 10-Year duration through:

- **An Enhanced Premium Bonus**
- **Index Interest Account – Enhanced Cap Rate**

A fee deduction will be applied to the total amount of money allocated pro-rata across the strategies and is assessed annually at the beginning of each contract year.

The Enhanced Premium Bonus Rider is not available if the Premium Bonus or Enhanced Liquidity Package has been elected.

Annuity Benefits

- Contract may be annuitized at any time
- Automatic annuitization at the Maturity Date
 - Maturity Date – The Contract Anniversary coinciding with or next following the Annuitant's 100th birthday.
- Choice of flexible payment options
 - Life Income – A guaranteed income for as long as the Annuitant lives
 - Period Certain – A guaranteed income for a chosen time period (e.g., 5, 10, 15 or 20 years)
 - Life Income with Period Certain – A guaranteed income for the minimum chosen time period (e.g., 5, 10, 15 or 20 years). If the Annuitant is still living at the end of that time period, payments continue as long as the Annuitant lives.

Note: *The contract may not be surrendered once annuity benefit payments have begun.*

Death Benefits

- Paid to the designated beneficiary if the Owner dies before the Maturity Date
 - If there are Joint Owners, the surviving Joint Owner is automatically the designated beneficiary of the deceased Joint Owner.
- Death benefit amount is equal to the Cash Surrender Value. **However**, if the Enhanced Death Benefit Rider is included, the Death Benefit amount is equal to the Contract Value.
- Must either: (a) be entirely paid within 5 years of the date of death; or (b) begin within one year of the date of death under a payment option and may not extend beyond the beneficiary's life expectancy.

Exception: If the deceased Owner's surviving beneficiary is the deceased Owner's spouse as recognized under federal law, the spouse does not need to have death benefits paid. Rather, the spouse may continue the contract as though the spouse were the original contract owner.



SUITABILITY

Suitability Guidelines

Farmers Life Insurance Company takes financial suitability very seriously. It is the Company's responsibility to make sure that every sales recommendation is suitable. We do this by reviewing the clients' financial objectives, financial needs and financial status.

We consider these factors:

- Age
- Financial experience
- Financial objectives
- Intended use of annuity
- Financial time horizon
- Risk tolerance
- Retirement plans
- Current and expected income
- Current and expected financial status, including resources to fund the annuity
- Current and expected liquidity needs
- Liquid net worth
- Current and expected tax status
- Existing assets

Suitability Guidelines (cont.)

Process

- The producer completes the Suitability Analysis form with the client and provides the completed and signed form with the application.
- We first check whether or not the producer has completed the required training.
- We then review the client's financial suitability, including any replacement activity.
- We may accept, reject or request a modification based on our review. We may ask for additional information in order to get a full picture of the client's financial status.

Suitability Guidelines (cont.)

Causes for Rejection

- Client refusal to provide financial information requested on the suitability form.
- Incomplete or unsigned suitability form.
- A replacement or surrender within the last 36 months and the same producer sold the original contract.
- A producer has not completed the required training.
- The funds to purchase the annuity come from a reverse mortgage or home equity loan.
- The annuity purchase will leave the client unprepared to meet future emergency events.

Suitability Guidelines (cont.)

Producer Responsibilities

- Give as much detail as you can on the Suitability Analysis form to help us see your client's full financial picture.
- Provide your client with sufficient information so they can make an informed decision.
- Understand your client's short- and long-term goals.
- Understand your client's stage in life. What are their liquidity needs?

Suitability Guidelines (cont.)

Producer Responsibilities (cont.)

- If your client purchases an annuity through replacement of another annuity or life insurance, consider the potential loss of benefits or the addition of new penalties, including a new surrender charge period or lower minimum guaranteed interest rate.
- Ask yourself if the purchase is in the client's best interest.
- Submit a completed and signed Suitability Analysis form with the application.
- Leave advertising and marketing materials used in your sales presentation with your client.



INDEXED ANNUITIES

ADDITIONAL IMPORTANT CONSIDERATIONS

Farmers Harvest® FIA — It's an Index Annuity

It is vital that your clients understand that the Harvest® FIA is fixed index annuity. Emphasis on the annuity's investment aspects rather than its insurance aspects could potentially misrepresent the product as a security. The client profile is for clients who are looking for the guarantees and protections associated with a fixed annuity but who also want the upside potential of interest credits earned based on the performance of a market index. The client profile for the Harvest® FIA does not include clients who are looking for equity growth opportunities.

Farmers Harvest[®] FIA — It's an Index Annuity (cont.)

Important Points to Keep in Mind

When presenting the Farmers Harvest[®] FIA to your clients, producers should be careful not to tie the annuity to equity performance. Be cautious not to:

- Use any terms such as “investment performance,” “investment returns,” “stock market,” etc.
- State or imply that index returns are guaranteed.
- Place emphasis on the indices; they are used simply as a measure for determining the index interest account interest rate.
- Do not state or imply that by using indices, it ties the product to the stock market.



HOUSEKEEPING

New Business Information

The following completed and signed documents must be provided with the application:

- Suitability Analysis form
- Harvest® FIA Product Disclosure
- Replacement form, as required by the state in which the contract is to be delivered
- Any other form required by state law or regulation (e.g., Best Interest disclosure form)

New Business Information (cont.)

To secure the interest rate in effect as of the date of the application:

- The application must be received within 15 calendar days of the signature date
- The premium must be paid: (a) within 15 calendar days of the signature date for cash-with-app payments; or (b) within 60 calendar days of the signature date for transfers and rollover payments.

The Contract Effective Date is the date premium is received in the Company's home office.

Acknowledgment of Completion



FARMERS LIFE INSURANCE COMPANY
