AIG Annuities

Compliance Bulletin

AIG

New disclosure form available

Prohibited Transaction Exemption (PTE) 84-24 Disclosure and Acknowledgement Form now available

New fiduciary advice guidance from the Department of Labor (DOL), in the form of a new Prohibited Transaction Exemption (PTE), PTE 2020-02, became effective February 16, 2021. In addition, the DOL extended the nonenforcement period to end on January 31, 2022. As a result, for some firms, that January 31, 2022, date has become a compliance deadline for the new PTE.

However, for firms and independent agents distributing annuities, another existing exemption, PTE 84-24, is also available as an alternative for complying with certain fiduciary requirements. PTE 84-24 requires financial professionals to provide a disclosure form to the client at the time a recommendation is made, detailing:

1. The financial professional's relationship with the insurance company, limitations on offerings, the amount of sales commissions and other compensation, and
2. Descriptions of any charges, fees, discounts, penalties, or adjustments associated with the product

This information must be specific to the product and to the compensation the financial professional is receiving with each client and particular recommendation. To assist financial professionals with their obligations, a new form has been developed, the Prohibited Transaction Exemption (PTE) 84-24 Disclosure and Acknowledgement Form. To ensure you have access to a form, we have made one available well in advance of the end of the nonenforcement period, January 31, 2022. Note that financial professionals may use any disclosure form to meet the DOL requirements.

Financial professionals may also avail themselves a variety of resources to incorporate best practices for compliance with the PTE 84-24 into their business. We will share industry best practice references as they become available.

Form Availability

- Electronic application process: The form will generate and will pre-fill the financial professional's name, name of proposed IRA owner, product name, and insurance company.
- Form repositories: A blank template will be made available in mid-December and may be obtained by accessing www.aig.com/Connext and searching for form APTEI in Forms Depot.

Records Retention

The financial professional is required to provide the Prohibited Transaction Exemption (PTE) 84-24 Disclosure and Acknowledgement Form to the client. Copies of the completed form are to be retained by the financial professional and client; and should **not** be submitted with the application to the insurance company. **We may ask that you provide written evidence of meeting these obligations, including any evidence of the exemption relied upon in compliance with the DOL Rule**. If you need help obtaining a form or have questions, please contact the agency to which you send your annuity business.

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