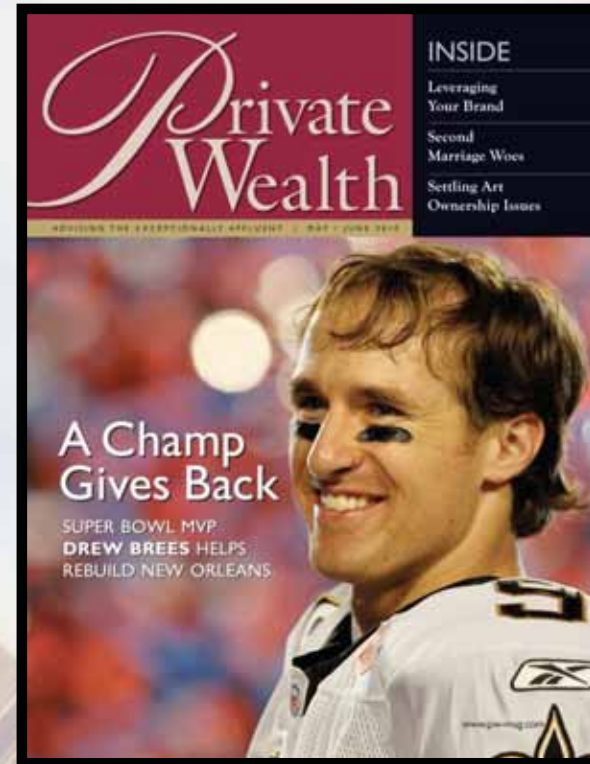


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Ten Questions To Ask When Titling An Annuity Gain a New Perspective and Understanding of How Variable Annuities Pay Out

Presenter

Kevin Loffredi CFP® - Senior Vice President, Advanced Sales

Sponsor Representative

Mike McCarthy - SVP, Chief Sales Officer, *AXA Distributors*

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Introduction & Industry Commentary



Mike McCarthy

Senior Vice President
Chief Sales Officer
AXA Distributors, LLC

NP10164 (6/10) AXA Equitable Life Insurance Company is the parent company of AXA Distributors, LLC. The named individual is a registered representative of AXA Distributors, LLC and an agent of AXA Equitable Life Insurance Company.

10 Questions To Ask When Titling An Annuity


Kevin Loffredi, CFP®
Senior Vice President
Advanced Sales Corporation



Agenda

- Understanding the moving parts of a variable annuity
- Questions to ask when selecting and titling a variable annuity
- Ongoing VA education

ANNUITY INTELLIGENCE REPORT™

By:  Advanced Sales Corporation

AXA Equitable Life Insurance Company
Accumulator 9.0

Available Benefits

| | |
|------------------------|---------------|
| Living Benefits | |
| GMIB | Optional |
| GMAB | Not Available |
| GMWB | Not Available |
| Lifetime GMWB | Not Available |

| | |
|---------------------------|----------|
| Death Benefits | |
| Return of Principal | Standard |
| Highest Anniversary | Optional |
| Fixed Percentage Increase | Optional |
| Earnings Enhancement | Optional |

Contract Information

| | |
|--------------------------------------------------|-------------------------|
| Contract Type | B |
| Prospectus Date | 6/8/2009 |
| Supplement Date | 6/22/2009 |
| Date of Last Update By ASC | 7/30/2009 |
| Website | www.axadistributors.com |
| Phone Number | (888) 517-9900 |
| As of 6/29/09, available in all states except NV | |

Surrender Schedule

| | |
|---------------------------------------------------------------------------------------------------------------------------------|---------------|
| Years of Surrender Charges | 7 |
| Surrender Schedule (%) | 7 7 6 6 5 3 1 |
| Surrender: 10% of previous anniversary value (for Free the first year, purchase payments made Withdrawals in the first 90 days) | |

Expenses & Fees

| | |
|---------------------------------------------------------------------------|----------|
| Mortality & Expense Risk | 0.80% |
| Administration Charge | 0.30% |
| Distribution Charge | 0.20% |
| Total Annual Expense | 1.30% |
| Annual Policy Fee | \$30 |
| Annual Policy Fee Waived if Anniversary Value is Equal To Or Greater Than | \$50,000 |

*For the first two years, fee is the lesser of \$30 or 2% of account value

Benefit Name

| | | |
|---------------------------------------------------------|---------------|-----------------------------------|
| Guaranteed Minimum Income Benefit I - Asset Allocation | GMIB | Dollar-for-dollar & proportionate |
| Guaranteed Minimum Income Benefit II - Custom Selection | GMIB | Dollar-for-dollar & proportionate |
| Standard Death Benefit | Death Benefit | Proportionate |
| Annual Ratchet to Age 80 | Death Benefit | Proportionate |
| Annual Ratchet to Age 80 (NY & WA) | Death Benefit | Proportionate |
| *Greater of GMDB I | Death Benefit | Dollar-for-dollar & proportionate |

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Contract Operation - Where Does the Contract Pay?

Controlling Life: Owner

| Owner | Joint Owner | Annuitant | Death of | Pays To |
|---------|-------------|-----------|----------|-----------------------|
| Husband | Wife | Husband | Husband | Joint Owner* |
| Husband | Wife | Husband | Wife | Joint Owner* |
| Husband | Wife | Wife | Husband | Primary Beneficiary |
| Husband | Wife | Wife | Wife | No Payout |
| Trust | Husband | Husband | Husband | Primary Beneficiary** |

*The death benefit will pay out upon the death of the older joint owner.
**If spouse is sole beneficiary of the living trust, trustee may replace annuitant and continue contract.

Spousal Benefits & Continuation

| | Yes | No |
|---------------------------------------------------------|-------------------------------------|-------------------------------------|
| Can either spouse trigger the Guaranteed Death Benefit? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If spousally continued is Death Benefit credited? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| If spousally continued is CDSC waived? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

*If jointly owned, only upon the older spouse's death.

Spousal beneficiaries who are not named joint owners must be 85 or younger to continue the contract.

Sample Titling For Obtaining Spousal Benefits On A Non-Qualified Contract:

| Owner | Joint Owner | Annuitant | Joint Annuitant | Primary Beneficiary | Contingent Beneficiary |
|---------|-------------|-----------------|-----------------|---------------------|------------------------|
| Husband | Wife | Husband or Wife | Blank | Anybody | Anybody |

Death benefit is only paid upon death of older owner

Issue Ages and Contribution Information

| | | | | |
|---------------|-------|---------------------|-----------------|------------------|
| Non-Qualified | 0-85 | Owners & Annuitants | \$5,000 Initial | \$500 Additional |
| Qualified | 20-75 | | \$5,000 Initial | \$500 Additional |

Issue ages for an inherited IRA are 0-70; and 20-65 for Roth IRA and Traditional IRA.
Minimum additional purchase payments of \$50 for IRAs, \$1000 for inherited IRAs.
Purchase payments are not allowed after the first year for all IRAs and non-qualified contracts.

Subaccount Information

| | | | |
|-----------------------|----------------|-------------------------|--------|
| Number of Subaccounts | 55 | Free Transfers Per Year | unltd* |
| Subaccount Fee Range | 0.64% to 2.04% | Transfer Fee | \$0* |

Investors must choose between two investment programs that are available. Further restrictions may apply depending on the benefits elected.

*AXA has a disruptive transfer policy and can restrict transfers.

Page 1 of 7

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Annuity Intelligence Report

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Annuity Intelligence Report™

Making Variable Annuities . . .

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Similar But Different



Similar But Different



Mutual Fund

Owner

Joint Owner



Annuity

Owner

Joint Owner

Contingent Owner

Annuitant

Contingent Annuitant

Co Annuitant

Primary Beneficiary

Contingent Beneficiary

Living Benefits

Death Benefits

Avoids Probate





“I thought I knew how to use a nail gun...”

What Is Contract Structure?

PARTIES TO THE CONTRACT

Contract Owner

Last Name: _____ First Name: _____ MI: _____
 Address: _____
 Date of Birth: _____ Sex ☐ M ☐ F Soc. Sec. No. or Tax ID: _____
 Employer/Trust: _____

☐ **Joint Owner,*** or ☐ **Contingent Owner** (Must specify by checking a box). Joint/Contingent Owners only available under a Non-Qualified Contract.

Last Name: _____ First Name: _____ MI: _____
 Address: _____
 Date of Birth: _____ Sex ☐ M ☐ F Soc. Sec. No. or Tax ID: _____

*Joint Owners limited to spouses except in HI, PA and VT.

Annuitant (Age 85 or younger)

Last Name: _____ First Name: _____ MI: _____
 Address: _____
 Date of Birth: _____ Sex ☐ M ☐ F Soc. Sec. No. or Tax ID: _____

☐ **Co-Annuitant** (Spouse Only/Age 85 or younger, not available with CRTs), or ☐ **Contingent Annuitant** (Age 85 or younger). (Must specify by checking a box).

Last Name: _____ First Name: _____ MI: _____
 Address: _____
 Date of Birth: _____ Sex ☐ M ☐ F Soc. Sec. No. or Tax ID: _____

Beneficiaries (Whole Percentage Only: Allocation to all Primary must equal 100%; Allocation to all Contingents must also equal 100%).

| Primary | Contingent | Print Full Name (Last, First, MI) | Allocation | Relationship to Annuitant | Soc. Sec. No. | Date of Birth |
|--------------------------|--------------------------|-----------------------------------|------------|---------------------------|---------------|---------------|
| <input type="checkbox"/> | <input type="checkbox"/> | _____ | _____% | _____ | _____ | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ | _____% | _____ | _____ | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ | _____% | _____ | _____ | _____ |



Problematic Annuity Structure

What can go wrong?

- Pay out to an unintended beneficiary
- Untimely income taxation
- Unforeseen gift tax consequences
- Spousal continuation not permitted

Any or all of which can end in arbitration

Origin of the Problem

1. Lack of Easy-to-Understand Information
- 2.
- 3.
- 4.

Lack of Easy To Understand Information

- Prospectuses are difficult to read
- Marketing materials do not always provide the full detail
- Lots of advice – not always correct

Origin of the Problem

1. Lack of Easy to Understand Information
2. **1035 Exchanges**
- 3.
- 4.

1035 Exchanges – The Like-for-Like Problem

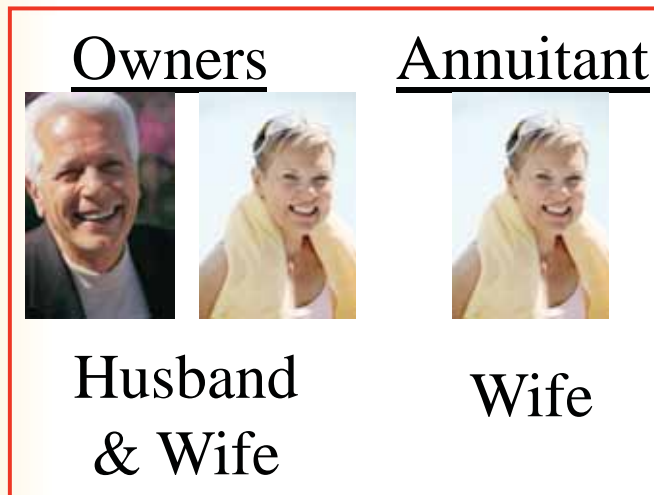
A



Guaranteed benefits are based on the **OWNERS'** lives

Contract A is 1035 exchanged into Contract B

B



Guaranteed benefits are based on the **ANNUITANTS'** lives

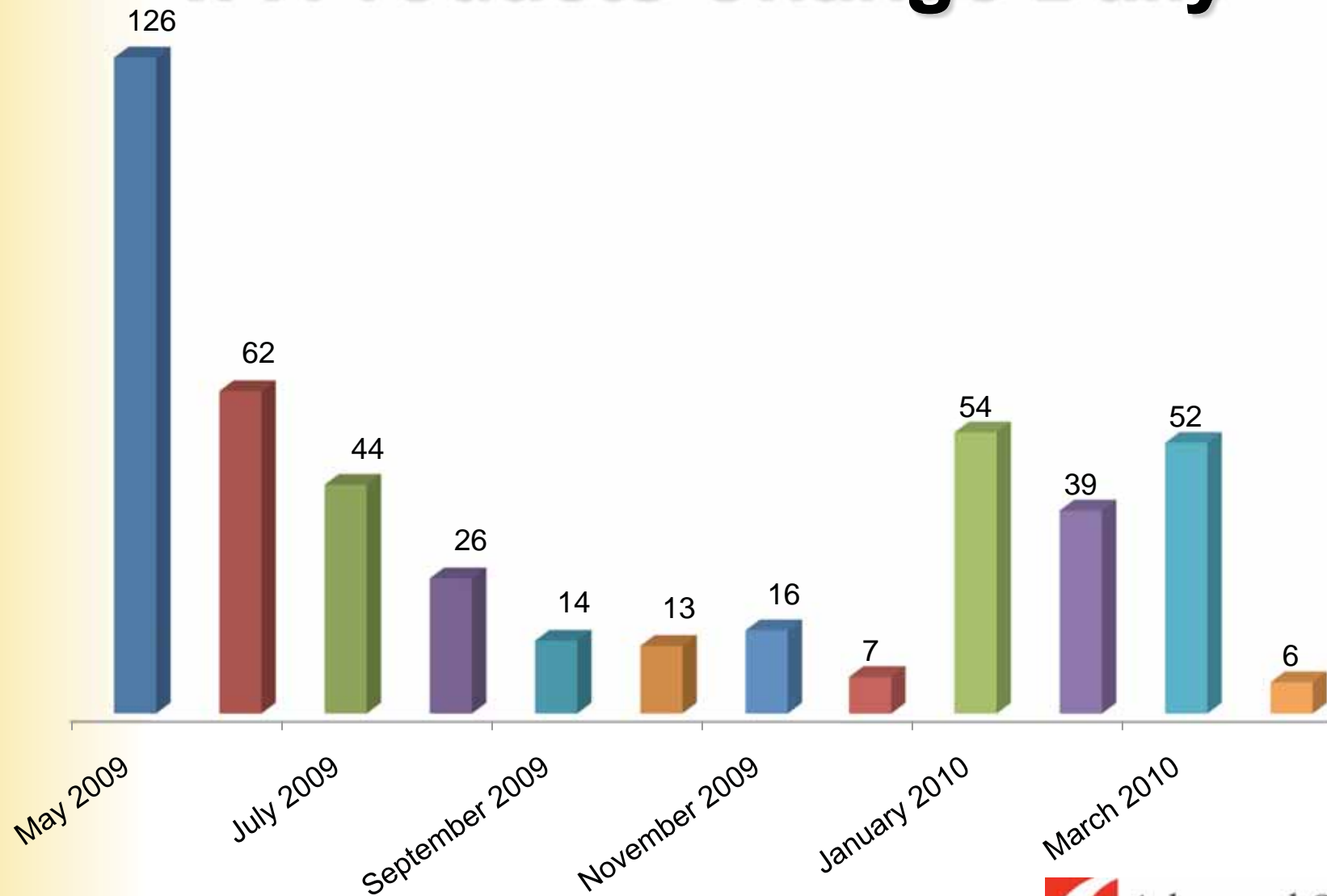
Problem: Only one Annuitant is named



Origin of the Problem

1. Lack of Easy to Understand Information
2. 1035 Exchanges
3. **Constant Change**
- 4.

VA Products Change Daily



Overwhelmed with Features & Terms

- GMDB
- GMWB
- GMIB
- EEB
- ROP
- Annual Step-up
- High Watermark
- Dollar for Dollar vs. Proportionate withdrawals

Origin of the Problem

1. Lack of Easy to Understand Information
2. 1035 Exchanges
3. Constant change
4. **Not Knowing What Questions To Ask**

Questions to Ask When Selecting and Titling an Annuity



Two Mid America Plaza
Suite 1010
Oakbrook Terrace, IL 60181
Office: 800-597-8084
Fax: 630-990-2628
www.adsales.com

Questions to Ask When Selecting and Titling an Annuity

Here is a list of questions to ask when selecting and titling an annuity. By no means is this a comprehensive list of every question that needs an answer, but these questions cover some of the most important titling areas.

1. To whom does the contract pay when different parties on the contract die?
The answer is important in order to prevent the contract paying to the wrong person.
2. Whose death triggers the enhanced death benefit to pay out?
On a contract with spouses, not all contracts pay out the enhanced death benefit when either spouse dies.
3. If spouses continued, is the contract continued at the enhanced death benefit value or just the current account value? And, if continued, are the surrender charges waived?
Understanding the options your clients have at death are critical to ensure the best decision is made. Death benefit values in excess of the account value can be left on the table due to a poor understanding of the options available.
4. If spouses continued, what happens to the various benefits on the contract?
 - Do they terminate?
 - Do they reset?
 - Do they continue uninterrupted?
 - Do different parties to the contract cause different consequences?*The particulars of a living or death benefit vary widely upon death; knowing these answers will help you make a better decision.*
5. How do withdrawals impact the different living and death benefits on the contract?
Being able to compare the various ways withdrawals impact the benefits helps in selecting the most suitable option.
6. If qualified money, how do RMD withdrawals impact the different guarantees?
RMD withdrawals have the ability to erode a benefit. Know if the benefit has special treatment for RMD withdrawals before it's too late.
7. Do guarantees on the contract stop or simply level off when clients reach older ages?
8. Is annuitization forced at a particular age?
Your older clients need a little more attention than your younger ones when it comes to these questions.
9. If a trust is owner, the death of which parties will cause the contract to pay out?
10. If a trust is the recipient of the annuity assets, and the surviving spouse is sole beneficiary of the trust, is spousal continuation allowed?
When working with spouses, be careful with trust ownership or trust beneficiaries. One line that sums up the topic: Annuities and trusts don't mix.

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Questions to Ask When Selecting and Titling an Annuity

1. To whom does the contract pay when different parties on the contract die?

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Contract Operation - Where Does the Contract Pay?

Controlling Life: Annuitant

| Owner | Joint Owner | Annuitant | Death of | Pays To |
|---------|-------------|-----------|----------|-----------------------|
| Husband | Wife | Husband | Husband | Joint Owner |
| Husband | Wife | Husband | Wife | Joint Owner* |
| Husband | | Wife | Husband | Primary Beneficiary** |
| Husband | | Wife | Wife | Owner*** |
| Trust | | Husband | Husband | Trust as Owner |

*At death of non-annuitant owner, only the account value is paid or continued.

**A contingent owner supercedes the primary beneficiary, if one was named.

At death of non-annuitant owner, only the account value is paid or continued.

***If a non-owner annuitant dies, and there is a joint or contingent annuitant, there will be no payout.

Spousal Benefits & Continuation

| | Yes | No |
|---------------------------------------------------------|----------------------------------------|-------------------------------------|
| Can either spouse trigger the Guaranteed Death Benefit? | <input checked="" type="checkbox"/> * | <input type="checkbox"/> |
| If spousally continued is Death Benefit credited? | <input checked="" type="checkbox"/> ** | <input type="checkbox"/> |
| If spousally continued is CDSC waived? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

* Only if both spouses are named as joint owners and joint annuitants.

** Only at the death of any owner who is also an annuitant or joint annuitant.

Sample Titling For Obtaining Spousal Benefits On A Non-Qualified Contract:

| Owner | Joint Owner | Annuitant | Joint Annuitant | Primary Beneficiary | Contingent Beneficiary |
|---------|-------------|-----------|-----------------|---------------------|------------------------|
| Husband | Wife | Husband | Wife | Anybody | Anybody |

To have an enhanced death benefit paid out at the death of either spouse, it is a requirement to have joint annuitants and joint owners named. If a joint annuitant is not named at time of application, one cannot be added later.



Questions to Ask When Selecting and Titling an Annuity

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- 2. Whose death triggers the enhanced death benefit to pay out?**

Questions to Ask When Selecting and Titling an Annuity

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3. **If spousally continued, is the contract continued at the enhanced death benefit value or just the current account value? And, if continued, are the surrender charges waived?**



3. If spousally continued, is the contract continued at the enhanced death benefit value or just the current account value?

| Contract Operation - Where Does the Contract Pay? | | | | |
|---------------------------------------------------|-------------|-----------|----------|-----------------------|
| Controlling Life: Annuitant | | | | |
| Owner | Joint Owner | Annuitant | Death of | Pays To |
| Husband | Wife | Husband | Husband | Joint Owner |
| Husband | Wife | Husband | Wife | Joint Owner* |
| Husband | | Wife | Husband | Primary Beneficiary** |
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 ***If a non-owner annuitant dies, and there is a joint or contingent annuitant, there will be no payout.

| Spousal Benefits & Continuation | Yes | No |
|---------------------------------------------------------|----------------------------------------|-------------------------------------|
| Can either spouse trigger the Guaranteed Death Benefit? | <input checked="" type="checkbox"/> * | <input type="checkbox"/> |
| If spousally continued is Death Benefit credited? | <input checked="" type="checkbox"/> ** | <input type="checkbox"/> |
| If spousally continued is CDSC waived? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

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Questions to Ask When Selecting and Titling an Annuity

4. If spousally continued, what happens to the various benefits on the contract?

4. If spousally continued, what happens to the various benefits on the contract?

- Do they terminate?
- Do they reset?
- Do they continue uninterrupted?
- Do different parties to the contract cause different consequences?

Spousal continuation At the death of an owner who is also the annuitant, upon spousal continuation of the contract, the benefit continues on the next quarterly contract anniversary for the surviving spouse who has become the annuitant and sole owner. The benefit base for determining the withdrawal amount is recalculated to equal the contract value (stepped-up for any applicable death benefit).

At the death of a joint owner who is not the annuitant, upon spousal continuation of the contract, the benefit continues and is reset to the greater of the death benefit value or the current benefit base.

Surviving spouse may also continue the Income Optimizer option, provided they are at least 59½. Annual withdrawal amount is recalculated based on the surviving spouse's age.

Questions to Ask When Selecting and Titling an Annuity

4. If spousally continued, what happens to the various benefits on the contract?
- 5. How do withdrawals impact the different living and death benefits on the contract?**

Questions to Ask When Selecting and Titling an Annuity

- 4. If spousally continued, what happens to the various benefits on the contract?
- 5. How do withdrawals impact the different living and death benefits on the contract?
- 6. If qualified money, how do RMD withdrawals impact the different guarantees?**

Questions to Ask When Selecting and Titling an Annuity

- 4. If spousally continued, what happens to the various benefits on the contract?
- 5. How do withdrawals impact the different living and death benefits on the contract?
- 6. If qualified money, how do RMD withdrawals impact the different guarantees?
- 7. Do guarantees on the contract stop or simply level off when clients reach older ages?**



Questions to Ask When Selecting and Titling an Annuity

8. Is annuitization forced at a particular age?

Questions to Ask When Selecting and Titling an Annuity

- 8. Is annuitization forced at a particular age?
- 9. If a trust is owner, the death of which parties will cause the contract to pay out?
- 10. If a trust is the recipient of the annuity assets, and the surviving spouse is sole beneficiary of the trust, is spousal continuation allowed?



Leveraging Titling Knowledge

- Ensure your in-force contracts will pay out as expected
- Expand referral sources by working with your client's other professionals regarding titling of assets
- Work with wholesalers that have tools that can give you unbiased information on their own and other's contracts

Ongoing Education

1. Study the titling of the contracts you use
2. Review the AI Report for details
3. Free copy of the AI Report

Retirement CornerstoneSM Variable Annuity



Retirement Cornerstone – An Innovative Platform for Today's Unique Retirement Challenges

Variable Products: Are Not a Deposit of Any Bank • Are Not FDIC Insured by Any Federal Government Agency • Are Not Guaranteed by Any Bank or Savings Association • May Go Down in Value

This presentation must be preceded or accompanied by a current Retirement CornerstoneSM prospectus. The prospectus contains more complete information, including investment objectives, risks, charges, expenses, limitations and restrictions. Please read the prospectus and consider this information carefully before purchasing a Retirement CornerstoneSM annuity contract.

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Questions?

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