

First **Catholic** Slovak Ladies **Association**

IMPORTANT NOTICE:

REPLACEMENT OF LIFE INSURANCE OR ANNUITIES

This document must be signed by the applicant and the producer, if there is one, and a copy left with the applicant

You are contemplating the purchase of a life insurance certificate or annuity certificate. In some cases, this purchase may involve discontinuing or changing an existing certificate or contract. If so, a replacement is occurring. Financed purchases are also considered replacements.

A **replacement** occurs when a new certificate is purchased, and in connection with the sale, you discontinue making premium payments on the existing certificate, or an existing certificate is surrendered, forfeited, assigned to the replacing insurer, or otherwise terminated or used in a financed purchase.

A **financed purchase** occurs when the purchase of a new life insurance certificate involves the use of funds obtained by the withdrawal or surrender of or by borrowing some or all of the policy

values, including accumulated dividends, of an existing certificate to pay all or part of any premium or payment due on the new certificate. A financed purchase is a replacement.

You should carefully consider whether a replacement is in your best interest. You will pay acquisition costs and there may be surrender costs deducted from your certificate. You may be able to make changes to your existing certificate to meet your insurance needs at less cost. A financed purchase will reduce the value of your existing certificate and may reduce the amount paid upon the death of the Insured.

We want you to understand the effects of replacements before you make your purchase decision and ask that you answer the following questions and consider the questions on the back of this form.

1. Are you considering discontinuing making premium payments, surrendering, forfeiting, assigning to the insurer, or otherwise terminating your existing certificate? Yes No
2. Are you considering using funds from your existing certificate to pay premium due on the new certificate..... Yes No

If you answered "yes" to either of the above questions, list each existing certificate you are contemplating replacing (include the name of the insurer, the insured, and the certificate number if available) and whether each certificate will be replaced or used as a source of financing:

INSURER NAME	CERTIFICATE #	INSURED	REPLACED (R) OR FINANCING (F)
1. _____	_____	_____	()
2. _____	_____	_____	()
3. _____	_____	_____	()

Make sure you know the facts. Contact your existing company or its agent for information about the old certificate. [If you request one, an in-force illustration, certificate summary, or available disclosure documents must be sent to you by the existing insurer.] Ask for and retain all sales material used by the agent in the sales presentation. Be sure that you are making an informed decision.

The existing certificate is being replaced because _____.

I certify that the responses herein are, to the best of my knowledge, accurate:

SIGNATURE OF INSURED (AGE 16 & ABOVE)	PRINTED NAME	DATE
SIGNATURE OF OWNER/APPLICANT (IF NOT INSURED)	PRINTED NAME	DATE
SIGNATURE OF AGENT	PRINTED NAME	DATE

I do not want this notice read aloud to me. _____ (Applicants must initial only if they do not want the notice read aloud.)

continued

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A replacement may not be in your best interest, or your decision could be a good one. You should make a careful comparison of the costs and benefits of your existing certificate and the proposed certificate. One way to do this is to ask the company or agent that sold you your existing certificate to provide you with information concerning your existing certificate. This may include an illustration of how your existing certificate is working now and how it would perform in the future based on certain assumptions. Illustrations should not, however, be used as a sole basis to compare certificates. You should discuss the following with your agent to determine whether replacement or financing your purchase makes sense:

PREMIUMS:

- Are they affordable?
- Could they change?
- You're older – are premiums higher for the proposed new certificate?
- How long will you have to pay premiums on the new certificate? On the old certificate?

IF YOU ARE KEEPING THE OLD CERTIFICATE AS WELL AS THE NEW CERTIFICATE:

- How are premiums for both certificates being paid?
- How will the premiums on your existing certificate be affected?
- Will a loan be deducted from death benefits?
- What values from the old certificate are being used to pay premiums?

POLICY VALUES:

- New certificates usually take longer to build cash values and to pay dividends.
- Acquisition costs for the old certificate may have been paid; you will incur costs for the new one.
- What surrender charges do the certificates have?
- Does the new certificate provide more insurance coverage?

IF YOU ARE SURRENDERING AN ANNUITY OR INTEREST SENSITIVE LIFE PRODUCT:

- Will you pay surrender charges on your old certificate?
- What are the interest rate guarantees for the new certificate?
- Have you compared the contract charges or other certificate expenses?

INSURABILITY:

- If your health has changed since you bought your old certificate, the new one could cost more, or you could be turned down.
- You may need a medical exam for a new certificate.
- Claims on most new certificates for up to the first two years can be denied based on inaccurate statements. Suicide limitations may begin anew on the new coverage.

OTHER ISSUES TO CONSIDER FOR ALL TRANSACTIONS:

- What are the tax consequences of buying the new certificate?
- Is this a tax-free exchange? (See your tax advisor.)
- Is there a benefit from favorable "grandfathered" treatment of the old certificate under the federal tax code?
- Will the existing insurer be willing to modify the old certificate?
- How does the quality and financial stability of the new company compare with your existing company?

You have the right to return the contract within thirty (30) days of delivery of the contract and receive an unconditional full refund on all premiums or considerations paid on it, including any policy fees or charges.