

Results of Investor Interviews to Test and Refine Point of Sale Disclosure Forms

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Overview

In 2004, we initiated an iterative research and design effort to develop suggested language and format for the disclosure of certain fee and conflict of interest information by broker-dealers. A report summarizing the results of that work, “Results of In-Depth Investor Interviews Regarding Proposed Mutual Fund Sales Fee and Conflict of Interest Disclosure Form,” was published on November 4, 2004, and is available on the SEC’s website as a comment to the SEC’s proposed rule (File No. S7-06-04).

This report describes the results of five additional rounds of investor interviews conducted in five major metropolitan areas from March 17, 2005 through April 27, 2005. We employed the same iterative research and design methodology, to test the adaptability of the form to cover fees for Variable Annuities, and to further explore variations in the point-of-sale form for Mutual Funds as dictated by previous test responses and subsequent SEC considerations, including the suggestions of commenters in response to SEC Release No. 33-8544 (February 28, 2005).

During the interviews, investors were asked to comment on each form’s usefulness, assess its importance to their investment decisions, and provide suggestions for improvement. Again, as part of our iterative design process, we modified the forms to reflect investor input after each round of testing. The findings from each round of interviews should therefore be reviewed chronologically. Our final versions of the forms reflect the cumulative findings from all rounds of interviews.

This report is organized into the following sections:

- Summary of Findings
 - A consolidation of findings from all investor interviews, including a recap of new features tested during this project
- Final Version Rationale
 - Consolidated recommendations for changes to form design of the final versions
- The Study in Brief
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- Key Findings
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Summary of Findings

Our findings for these interviews are consistent with the 2004 research. We utilized the same information design principles and form structure, as described more fully in the next section, to develop the following forms for this round of testing:

- Mutual Fund Class A Form
- Comprehensive Mutual Fund Form
- Variable Annuity Form

Investors indicated these forms contained useful information and used terms they understood. The forms addressed some, but not all, of their investment considerations (e.g., investors expressed interest in historical performance which is not included on the forms). They found the forms easy to navigate. Investors also saw value in the written presentation of this information (in contrast to oral delivery).

In addition, the forms provided investors with important information they had not previously considered (e.g., conflicts of interest and fees over time).

Adaptability

The form design developed in the 2004 project was successfully applied to the Comprehensive Mutual Fund Form and Variable Annuity Form. As with the forms tested during 2004, investors found these forms to be useful and easy to navigate.

We observed that investors generally understood the information presented on the Comprehensive Mutual Fund Form. Through the use of the form, investors recognized the implications of selling the fund (e.g., the imposition of a redemption fee) and had some idea as to how their fees were distributed (e.g., between brokerage firm and mutual fund).

In general, investors understood the information on the Variable Annuity Form. Most of the information presented was new to all investors (including self-reported variable annuity contract holders). Investors concluded the most important messages communicated by the form were the penalties for early surrender and the fees associated with the variable annuity investment. The form was considered useful based on the type of information provided and the design of the form. Nonetheless, some investors commented that the forms did not provide enough information to give them a comprehensive understanding of the nature of the fees imposed by the variable annuity.

New Features

We tested several features to either enhance the forms' utility or respond to specific SEC concerns. In general, features that included simpler descriptive information were appealing to investors and incorporated into the final versions. Information investors had difficulty assessing (i.e., without context) was typically omitted from the final versions.

A summary of the findings regarding form features follows:

Example of Fees Over Time	Investors frequently used the <i>Example of Fees Over Time</i> section to complete tasks assigned to them and to evaluate the investment presented. Investors found this presentation helpful in determining the impact of surrender charges in Variable Annuities. The exclusions and assumptions stated in the final versions of the form were clear to investors.
Statement: <i>Ask for Personalized Information</i>	This new feature was presented in contrast to the fill-in-the-blank feature. Investors frequently overlooked this statement and preferred the fill-in-the-blank method because it provided a "worksheet" and facilitated dialogue with their broker.
Conflicts of Interest – Dollar Amount	The dollar amount paid to the brokerage firm to promote the product was deemed important, but not useful, as investors had no frame of reference in which to assess the amount reported. Several simply commented that the number was "big."
Conflicts of Interest – Yes/No Questions	Investors had difficulty differentiating incentives paid directly to the broker from those paid to the brokerage firm.
Conflicts of Interest – More Information	Investors found it more useful to have references on where to find more information regarding conflicts of interest in the <i>Conflicts of Interest</i> section than the <i>Find Out More</i> section.
Investor Signature	Many investors interpreted their signature on the form to imply some contractual agreement to the fees stated on the form.
Commissions	Investors found the information valuable, but the disclosure was often initially overlooked. Some investors were not clear how the commissions were paid or if they were included in the example of fees over time.
Reference to the Securities and Exchange Commission	The language referring to the Securities and Exchange Commission was deemed helpful. However, some investors interpreted this to imply some level of SEC endorsement of the information on the form.
Investment Amount Examples	As in the prior round of testing, investors found the ranges of investment examples helpful, especially when accompanied by the fill-in-the-blank feature that personalized the form.

Final Version Rationale

The following recommendations serve as an addendum to the design rationale presented in the previous project, and are based on the sum of our findings. The final versions themselves can be found in Appendix A.

The final versions do not include comparative information about other similar investments, nor do they include complete disclosure of broker-dealer fees not associated with the applicable type of security. Some investors suggested this information would be useful, but the scope of the SEC's rule as currently proposed does not include this type of disclosure.

Although not used extensively in testing, we have included a Class B Mutual Fund Form in the final versions to demonstrate the applicability of our findings and recommendations.

These recommendations are reflected in the final versions of the forms.

Form name	Change the title to be more descriptive while avoiding the implication that the broker-dealer is the source of all fees covered on the form.
Placement of reference to prospectus	Move the reference to the prospectus in the <i>Find Out More</i> section to the top of the form, beside other context-setting information.
Fill-in-the-blanks	As personalization increases the effectiveness of disclosure, keep the fill-in areas for the broker to include personalized fee information on the form itself. Further emphasize this option above the <i>Fees</i> section.
Fee descriptions	Keep the clearer colloquial descriptions (e.g. "You pay when you sell") in the section headings, and continue to describe the fees in plain English in the explanations in the left column, but also include and emphasize with bold type the shorter fee name. This allows direct comparison with information in the prospectus, and easier cross-reference with the <i>Example of Fees Over Time</i> section.

Final version rationale continued

Example amounts	Use a single \$10,000 amount for illustrating fees in the right column, except when fee percentages vary with investment value (such as up front sales fees). If fee rates vary with investment value, include a \$10,000 amount with the other amounts that will illustrate the applicable fee tiers. This will enable easier comparisons and better coordination with the <i>Example of Fees Over Time</i> section, which uses a \$10,000 example.
Other fees	The source and potential amount of fees that are not included in the illustrations in the right column (such as commissions and account maintenance fees) should be disclosed in text form in the left column. Emphasize the names of these fees with bold type in the section where they are defined, but emphasize their exclusion from examples over time by bolding “does not include.”
Omission of previously included features	Omit the investor signature line and reference to the SEC to avoid the implication that fees are guaranteed, endorsed or mandated.

The Study in Brief

Study Methods

We conducted individual in-depth interviews to elicit investor opinions regarding the proposed forms. In-depth interviewing is the preferred research method for studies of this nature since the interviewer can assess the respondent's understanding of key information on the forms without interference from others. Each interview lasted approximately 60 minutes.

To qualify for the study, each participant passed an articulateness test and indicated they:

- Either solely or jointly made investment decisions
- Graduated high school, attended some college or graduated college (those with graduate degrees were excluded)
- Made a mutual fund or variable annuity purchase through a broker in person, over the phone or online within the past two years (those who had only purchased online were excluded)

A brief report highlighting key findings was presented to the project team after each round of interviews. These findings provided direction to the Siegel & Gale Simplification team in making modifications to the versions tested. This iterative testing and modification process is a best practice in developing general use forms.

Investors were asked for written permission to videotape each interview and were asked to sign a statement of confidentiality regarding the subject matter of the interview. All study participants signed the statement (see Appendix E for statement).

Study Participants

Interviews were conducted in five market areas:

- Baltimore, MD (7 respondents)
- St. Louis, MO (7 respondents)
- Dallas, TX (7 respondents)
- Philadelphia, PA (7 respondents)
- Phoenix, AZ (7 respondents)

Interviewing investors in a variety of markets provides the best opportunity to obtain a diverse set of investor opinions. However, it does not ensure that the results represent the opinions of the entire investor community. This testing is intended to understand the variety of investor reactions to the form and to assess the forms' ability to communicate key messages.

Participants in the study had varying degrees of financial investment knowledge and experience. All participants indicated they had experience making purchases with brokers (see Appendix D for more details).

Note: the terms *respondents* and *investors* used throughout this report refer to the participants of this study.

Interviewing Techniques

A discussion guide was developed at the beginning of this process and modified throughout the process to accommodate changes to the forms or include new areas of inquiry. All investor interviews included an introduction section soliciting the information the investor used to evaluate investments, a review of the mutual fund and variable annuity forms, and an opportunity to provide suggestions to improve the forms.

The interviewer utilized established document testing techniques to engage respondents during each round of interviews. Specific techniques included:

Think-aloud: a means of understanding how a respondent uses information on the form to provide response; also assists in assessing the ease of navigation of a document.

Cognitive interviewing: questions intended to understand how a respondent interprets the language used in the document. This has proven effective to ensure that statements are developed in “plain English” and are not confusing.

Simulated usage: context-setting statements designed to help respondents to evaluate the documents in actual use cases. For this study, respondents were asked to evaluate the information on the forms as if their broker had presented it to them in his/her office.

Project Team

Matt DuBeau, Group Director, Simplification, Siegel & Gale, provided input into the research design and designed the forms for testing.

John McKeever, Senior Vice President, Gelb Consulting Group, Inc., conducted the investor interviews and managed the research process.

Brian Mulford, Technical Monitor for this project, Office of Investor Education and Assistance, Securities and Exchange Commission, managed the project for the SEC and observed all interviews.

Interpreting the Findings

Qualitative research of this nature is intended to explore the variety and nature of attitudes of investors. This type of testing is best practice in assessing the effectiveness of functional communications such as forms. Due to the dynamic nature of in-depth qualitative interviews and small sample sizes, one should not conclude that these results are representative of the entire population of investors.

Key Findings: Baltimore

Methodology

Seven 60-minute in-depth interviews were conducted with Baltimore-area investors meeting similar screening criteria. Respondents had varying degrees of investment knowledge and all had received advice from brokers within the past six months.

Each discussion focused on investor understanding of the information contained in three types of forms:

- Review of Comprehensive Mutual Fund Point of Sale Form (labeled Baltimore #3)
- Review of two Mutual Fund Class A Forms (labeled Baltimore #4 and Baltimore #5)
- Review of two Variable Annuity Forms (labeled Baltimore #1 and Baltimore #2)

During each interview, investors were asked about their familiarity with mutual funds and variable annuities, their understanding of the terminology and information presented in the forms, and the relative usefulness of each type of form. Forms of the same type were rotated to avoid order bias.

Overview

Investors found the forms relevant and easy to navigate. Most were observed to overlook the topmost (i.e., ask before you buy) and bottommost (i.e., find out more) language presented on the forms and focused primary on the fill-the-blank feature. Each section header (when you buy, when you sell, etc...) appeared to alert investors to the nature of the information that followed and aligned with their evaluation processes (short of providing historical and expected performance data).

Respondents felt the forms looked professional and were written in language they easily understood. However, investors had difficulty interpreting some of the terms (e.g., the term *insurance charges* on variable annuity forms was viewed as denoting protection against investment risk).

Comprehensive Mutual Fund Form

Investors found this form relevant because it illustrated the fees associated with a mutual fund investment. For the most part, investors navigated through the form using the left side headers and understood the form to highlight fees paid when the fund is bought or sold and on an on-going, annual basis.

Variable Annuity Form

Investors found these forms easy to understand and navigate. When completing a task of determining the potential total costs of an investment purchased today but planned for sale within one year, most looked only at the upfront fees and the surrender charge; the annual fees were not considered.

Fill-in-the-Blank Statement

The language regarding the purpose of the fill-in-the-blank questions, while initially overlooked, was deemed important. Several commented that they would be likely to ask their broker to complete the form rather than using a calculator to do so on their own.

Signature Line and Statement

For some investors, the signature line and accompanying statement was misunderstood to imply that the investor was agreeing to the fees outlined therein. For these investors, a signature connotes an agreement. In addition, some suggested that the broker sign the form as well, ostensibly holding that individual accountable for the accuracy of the information presented on the form.

The inclusion of an investor signature on the form was appealing to some. Investors indicated this would increase the perceived importance of the information on the form and the likelihood they would retain the form for future reference. The presence of a date on the signature line and at the top of the form (as in Baltimore Form #1) was viewed as redundant by some investors.

Conflicts of Interest Details

This information did not necessarily prove useful for investors, as they did not have a sense for the relevance of the dollar amount to their investment decision (i.e., context). Nonetheless, investors generally liked the detailed nature of the annual payments made to the brokerage by the mutual fund company.

Use of Specific Terms

The terms *free look right*, *maximum/minimum*, and *contract fee* were generally noticed and understandable to respondents.

Investors found the term *surrender charge* self-evident, generally stating that it reflected the costs of terminating the variable annuity contract within a one-year period. *Bonus credit* and *bonus repayment* were generally thought to reflect the incentives provided by the variable annuity/broker-dealer as an enticement to buy and the related consequence of selling prematurely.

On the other hand, investors interpreted *insurance charges* to imply that their investment amounts would be insured against losses. Unfortunately, investors also expressed a high degree on confidence in their definition for this term. Furthermore, investors did not have a clear understanding of *investment option fees*, but speculated that the term was related to the options they chose within the variable annuity. The term *fixed account* was also unclear.

Example of Fees Over Time

Overall, the illustration of fees over time was attractive to investors. Some commented that this provided a valuable summary of the fees they might expect to pay if they retained the investment for the time horizons indicated. In this section, they were less interested in the percentages than the actual dollar amounts.

Respondents suggested putting all of the fees on one side of the form (as in Baltimore Form #1). This enabled them to navigate more easily through the form.

Some investors were puzzled as to how the cumulative fees were calculated when the presentation included the upfront sales charges as a line item.

Recommendations for Questionnaire changes for St. Louis

- Modify task to separate upfront sales charges and subsequent sell (within and beyond one year periods).
- Specifically test redemption fee concept (Baltimore Form #3)

Key Findings: St. Louis

Methodology

Seven 60-minute in-depth interviews were conducted with St. Louis investors meeting similar screening criteria. Respondents had varying degrees of investment knowledge and all had received advice from brokers within the past six months.

Each discussion focused on investor understanding of the information contained in four types of forms:

- Review of Comprehensive Mutual Fund Form (labeled St. Louis #3)
- Review of two Mutual Fund Class A Forms (labeled St. Louis #4 and St. Louis #5)
- Review of one Mutual Fund Class B Form (labeled St. Louis #6)
- Review of two Variable Annuity Forms (labeled St. Louis #1 and St. Louis #2)

Investors also reviewed an alternate version of the *Example of Fees Over Time* section for a variable annuity (labeled St. Louis Addendum).

During each interview, investors were asked about their familiarity with mutual funds and variable annuities, their understanding of the terminology and information presented in the forms, and the relative usefulness of each type of form. Forms used to highlight fees for similar investments were rotated to avoid order bias.

Overview

Investors found the forms easy to navigate and the content relevant. Each section header (when you buy, when you sell, etc.) appeared to alert investors to the nature of the information that followed. Many also reported the organization aligned with their evaluation processes (short of providing historical and expected performance data). They were indifferent as to the specific sequence of the sections.

Variable Annuity Form

Investors liked the organization and language used in the variable annuity forms. They generally understood the forms to effectively highlight annual and early withdrawal fees. Those who reported variable annuity experience stated the form presented them with information about fees they were not previously aware of.

When completing the task to identify specific fees associated with the purchase of the variable annuity, most focused on the fees over time example section, assuming that all applicable fees were represented.

Redemption Fees

Investors generally perceived redemption fees to be associated with the sale of the investment (as in St. Louis Form #3). Most expressed interest in the fee difference for shares held less than and greater than six months. Investors were mostly indifferent toward the detail of fees distributed to broker-dealers versus the equity fund.

Fill-in-the-Blank Statement

As in the initial round of testing, the language indicating that the broker must complete the fill-in-the-blank boxes upon the investor's request was overlooked. Nevertheless, most respondents understood the purpose of the fill-in-the-blank boxes and found the concept useful. A few perceived that the fill-in-the-blanks were for their use, rather than for the broker to complete.

Signature Line and Statement

The signature line and accompanying statement were understood by most investors to acknowledge receipt of the form. Those investors who read the statement and who had some general understanding of investments had a clear understanding of its purpose. A few commented that a signature implied they "understood" the information contained on the form and at least one expressed a belief that a signature bound them to a contractual relationship. Some participants recommended a broker signature should be required as well.

Conflicts of Interest Details

Investors generally preferred greater detail in comparison to summary information regarding the payments made by the fund family to the brokerage firm. However, investors were unable to provide an explanation as to how that information could be used to help them make an investment decision. One investor commented that including a percentage amount indicating the proportion of the specific dollar amount to all similar payments made to the brokerage firm might be useful. Some investors overlooked the conflicts of interest information in favor of concentrating on the fee information.

Use of Specific Terms

In this round of testing, investors' understanding of *insurance charges* improved noticeably. This improvement was due to the addition of explanatory text in the section.

The introductory text indicating the Securities and Exchange Commission's requirement to provide this fee information held strong appeal. Several commented that this statement increased the credibility of the information contained in the form.

In contrast, the term *investment fees* (in the same section) was not understood by respondents; respondents could not define the term beyond a basic definition of fees that are charged for a variable annuity. In addition, the terms *bonus credit* and *annuitize* were not clear to respondents.

Example of Fees Over Time

Investors liked the example of fees over time in the forms. During their review of the form, they focused on this feature to complete the tasks. Consequently, investors overlooked the *annual contract fee* in determining the total fees they would pay over a five-year period. In addition, several missed the assumptions underlying the examples.

Investors generally liked the detail of up front sales charges and annual sales fees (as in St. Louis Form #5). Moreover, most used the fees over time section to evaluate the differences between Class A and Class B mutual fund shares. This fee detail allowed some to conclude that Class B funds had higher overall fees after a 10-year period, even though the back-end sales charge after 10 years would be zero. Some investors expressed confusion regarding whether upfront fees were charged once or repeatedly.

Interestingly, they did not prefer the extensive detail provided in the alternate form for variable annuities, seemingly due to their lack of understanding of the differences presented (see St. Louis Addendum).

Recommendations for Questionnaire changes for Dallas

- None

Key Findings: Dallas

Methodology

Seven 60-minute in-depth interviews were conducted with Dallas-area investors meeting similar screening criteria. Respondents had varying degrees of investment knowledge and all had received advice from brokers within the past six months.

Each discussion focused on investor understanding of the information contained in three types of forms:

- Review of Comprehensive Mutual Fund Form (labeled Dallas #3)
- Review of two Mutual Fund Class A Forms (labeled Dallas #4 and Dallas #5)
- Review of two Variable Annuity Forms (labeled Dallas #1 and Dallas #2)

Investors also reviewed an alternate version of the *Example of Fees Over Time* section for a variable annuity (labeled Dallas Addendum).

During each interview, investors were asked about their familiarity with mutual funds and variable annuities, their understanding of the terminology and information presented in the forms, and the relative usefulness of each type of form. Forms used to highlight fees for similar investments were rotated to avoid order bias.

Overview

As in prior rounds of testing, investors found the mutual fund and variable annuity disclosure forms relevant and easy to navigate. Some respondents commented that the section headers helped them navigate the forms and facilitated their evaluation of the information presented.

Sales Fees and Commissions

Most investors noticed the fill-in-the-blank box for broker-imposed commissions. They understood sales fees and commissions were different, but could not define the differences. They assumed commissions would be included in the *Example of Fees Over Time* section.

Reference to Securities and Exchange Commission

Investors had positive comments regarding the reference to the SEC in the forms (e.g., Dallas #3). However, many interpreted the reference to mean that the SEC provided oversight (e.g., audits of the information the broker completed or approved purchasing funds on the information presented).

Signature Line and Statement

Most respondents reacted positively to the signature line and accompanying statement. However, several thought a signature implied an agreement with the brokerage firm to accept the terms of the form and make an investment.

Redemption Fee

Investors generally interpreted the implications of selling to mean a redemption fee would be charged and proceeds distributed between the equity fund and brokerage firm. They also stated that they understood the implications of the redemption fee text (as in Dallas #3).

Example of Fees Over Time

Investors liked the *Example of Fees Over Time* section on the forms and used it to assess the implications of buying and selling the fund. Investors generally liked the explicit nature of the comparisons of selling before or after the surrender period (as in Dallas Addendum). Despite this preference, few could put forth reasons the additional information was valuable to them or how they might use it.

Investors assumed that all fees on the form were included in the examples (e.g., commission and maintenance fee). In addition, several overlooked the growth and fee change assumptions underlying the examples.

Conflicts of Interest Details

The presence of a specific dollar amount was appealing to some investors. Investors liked the concept due to its detailed nature, but could not assess its impact because of a lack of context (i.e., they only understood \$700,000 to be a “big” number). Some investors suggested adding contextual information, such as a percentage of all fund payments made to the brokerage firm.

Some investors found the reference to other information sources regarding these payments helpful (as in Dallas #5). Those who did not immediately notice the source agreed the information was helpful once directed to it. Some noted that they would require this additional research in order to appropriately assess the impact of the information to their investment decision.

Section Headers

In general, respondents preferred the use of the section header “pay each year” to “pay while you own.” Some commented that the “pay each year” language was more consistent with their thought process and the other section headers.

Variable Annuity Form

The variable annuity forms (Dallas #1 and Dallas #2) were helpful and easy to understand. Investors liked the organization and terms used. Most investors preferred a form (Dallas #1) that included context in the narrative to better define *insurance charges* and *investment fees*. *Surrender charge* was a term commonly understood and associated with the termination of the contract.

Even those who reported that they currently owned variable annuities commented that they were not aware of the various fees associated with such investments until they reviewed the forms.

Recommendations for questionnaire changes for Philadelphia

- None

Key Findings: Philadelphia

Methodology

Seven 60-minute in-depth interviews were conducted with Philadelphia-area investors meeting similar screening criteria. Respondents had varying degrees of investment knowledge and all had received advice from brokers within the past six months.

Each discussion focused on investor understanding of the information contained in three types of forms:

- Review of Comprehensive Mutual Fund Form (labeled Philadelphia #6)
- Review of Mutual Fund Class A Forms (labeled Philadelphia #1-5)
- Review of Variable Annuity Forms (labeled Philadelphia #7 and Philadelphia #8, and an alternate version of the Variable Annuity Form, labeled Philadelphia #9)

During each interview, investors were asked about their familiarity with mutual funds and variable annuities, their understanding of the terminology and information presented in the forms, and the relative usefulness of each type of form.

Investors reviewed two mutual fund forms entirely (Philadelphia #6 and Philadelphia #1) and examined the other mutual fund forms for specific changes identified by the interviewer. In these circumstances, investors were asked which version of the form feature they preferred or found most useful.

Investors were asked to review one version of the variable annuity form in its entirety, then shown the two remaining versions and asked which features were most appealing and useful among them.

Overview

Investors found all forms were useful, containing relevant information regarding fees and conflicts of interest. The forms were easy to navigate and used language most investors understood (exceptions are noted below).

Sales Commission

Most investors noticed the sales commission and understood it was paid to their broker. However, some were confused about whether the commission amount was included in other elements of the mutual fund form. (Philadelphia #1). For example, some believed that the commission was included in the sales fee example and the example of fees over time.

Net Investment Amount

Most respondents understood their net investment amount took into account sales fees. Investors generally understood the implications of these fees.

Example of Fees Over Time Exclusions

Investors frequently misinterpreted the *Example of Fees Over Time* section to include all fees on the form. After the appropriate disclosure was pointed out to them (as in Philadelphia #6), investors understood the examples to exclude brokerage charges. On the other hand, many noticed, unprompted, the assumptions made in calculating the examples (i.e., 5% annual growth, no changes in fees).

Redemption Fee

Investors tended to utilize the *Example of Fees Over Time* section to assess the implications of selling the fund. Based on this information, investors concluded that selling this fund would cause them to incur a charge. Many needed assistance to find disclosure indicating redemption fees would be imposed by both the equity fund and the broker-dealer (see Philadelphia #6). Respondents also noticed the change in redemption fee charge and disbursement allocation for shares held more than six months.

Conflicts of Interest

Investors valued the information regarding conflicts of interest (see Philadelphia #1). Some investors indicated they would ask questions of their brokers or would be more cautious about purchasing funds for which the brokerage firm or broker would be paid more to sell this particular fund.

When directed to reread the statement, many understood the *details about conflicts of interest* statement to mean that there were incentives paid to broker-dealers by funds. One investor commented that the clause *sales charges vary* implies that different brokerages might charge various fees for the same fund.

Investors liked having references on where to find more information regarding conflicts of interest in the *Conflicts of Interest* section (as in Philadelphia #3) over the *Find Out More* section (as in Philadelphia #5). Some stated that having the references located in the conflicts section was more useful, as the investor was thinking about conflicts while reading this section.

Most investors interpreted the “no” response to *do we pay our personnel more for selling this fund than for selling other funds we offer* (see Philadelphia # 5) to mean that their broker (i.e., the individual who handled their account) had no vested interest in recommending this investment.

Volume Discount

Investors had mixed opinions regarding the most useful way to present the volume discount information (comparing Philadelphia #1 to Philadelphia #2). The language used in both forms was easily understood. One investor opined that the statement in the upper right corner (Philadelphia #2) was a “sales pitch” while another thought the prominence of the information alerted him to the discount and would help him to “save money on sales fees.”

Fill-in-the-Blank

As in prior rounds of testing, investors generally found this feature of the form useful (see Philadelphia #5). They viewed it as a means to personalize the form. The statement used to highlight the opportunity to personalize the form (Philadelphia #1) was noticed by some, but not generally appealing.

Investment Amount Examples

Investors generally found ranges with examples of sales charges useful (see Philadelphia #5). These findings are consistent with prior rounds of testing. Investors commented that the discount on up front sales fees was made more prominent through the use of these ranges.

Annual Fee Itemization

When comparing versions of this feature, investors preferred line-item detail regarding the composition of their annual fees (as in Philadelphia #1). This is consistent with input from other investor testing.

Distribution of Fees

Investors were asked to review two forms (Philadelphia #1 and #2) with different ways of explaining how the brokerage firm receives fees. Investors were generally indifferent between the two presentations, but found the use of the brokerage firm name in the paragraph useful (as in Philadelphia #2).

Example of Fees Over Time

When comparing several variations of the *Example of Fees Over Time* section (Philadelphia #4, Philadelphia #5, Philadelphia #6), investors preferred more detailed information (as in Philadelphia #5). Respondents liked the separate characterization of up front sales fees and annual fees.

Variable Annuity Forms

Investors found the variable annuity forms tested (Philadelphia #7, Philadelphia #8 and Philadelphia #9) useful and easy to understand. Investors generally preferred more fee detail (as in Philadelphia #7).

Investors preferred the detailed presentation of insurance charges and the table with surrender/annuitize/do not surrender examples (as in Philadelphia #9) to other versions of the form.

Recommendations for questionnaire changes for Phoenix

- Additional task-based testing of the final versions of the forms

Key Findings: Phoenix

Methodology

Seven 60-minute in-depth interviews were conducted with Phoenix-area investors meeting similar screening criteria. Respondents had varying degrees of investment knowledge and all had received advice from brokers within the past six months.

Each discussion focused on investor understanding of the information contained in three types of forms:

- Review of Comprehensive Mutual Fund Forms (labeled Phoenix #4 and Phoenix #5)
- Review of Mutual Fund Class A Forms (labeled Phoenix #1 and Phoenix #2)
- Review of two Variable Annuity Forms (labeled Phoenix #3 and Phoenix #6)

During each interview, investors were asked about their familiarity with mutual funds and variable annuities, their understanding of the terminology and information presented in the forms, and the usefulness of the forms. Investors were asked to complete a task using each form type.

Investors were asked to review thoroughly one of each form type. Forms of the same type were rotated to avoid order bias. Investors were also shown an alternative version of each form and asked to comment on specific features that varied between the two versions. In these circumstances, investors were asked which version of the form feature they preferred or found most useful.

Overview

Investors commented that the information on the forms was useful in helping to consider fees associated with potential mutual fund and variable annuity investments. In addition, many noticed the conflicts of interest disclosed in the forms. The forms were easy to navigate and used terms that were generally understood by investors. Investors felt that this type of information was best presented in a forum that would allow them the opportunity to review it and ask questions (e.g., written form in broker's office).

Mutual Fund Class A Forms

Investors found these forms (Phoenix #1 and Phoenix #2) easy to navigate and understand. The forms were perceived to highlight the fees associated with purchasing and holding the mutual funds. Many made note of the conflicts of interest section as well.

Consequences of Selling the Fund

Investors utilized the *Example of Fees Over Time* section to complete the task. They understood the examples were based on assumptions that included a 5% annual return and no changes in fees. Most also noticed that there were fees not included in the example (e.g., low balance maintenance fee of \$50). This finding contrasts with prior rounds (using different versions of the forms) during which investors did not detect the assumptions as easily.

Fill-in-the-Blank Feature

Most investors preferred the fill-in-the-blank feature (as in Phoenix #1 and Phoenix #4) to the alternative statement regarding the availability of personalized information. Investors often initially overlooked the statement, “Personalized information is available from us in writing upon request,” but indicated they understood the meaning of the statement once they re-read it. Several respondents indicated the boxes signified a higher level of importance for this information and would prompt a discussion with their brokers regarding this investment. In addition, respondents valued the examples included underneath the blank boxes (as in Phoenix #1).

Conflicts of Interest

Investors generally noticed and valued the information regarding conflicts of interest (see Phoenix #1 and Phoenix #2). Some indicated that, in response to the offer made by the form, they would request more information regarding the special incentives received by their broker.

Investors were asked to consider the potential impact of the yes/no questions in this section (see Phoenix #6). Most investors were perplexed at the notion that the brokerage firm could be paid extra, but not their broker (the “no” response to the second question). In addition, several investors indicated that a “no” response to the second question indicated that the sales person had no financial incentive to sell the product referred to in the form over other variable annuities offered by the broker-dealer.

Comprehensive Mutual Fund Forms

Investors found these forms (Phoenix #4 and Phoenix #5) generally useful and easy to understand. The key messages noted by investors were the fees and consequences of selling the fund (i.e., redemption fee).

Consequences of Selling the Fund

Investors analyzed the *Example of Fees Over Time* section to complete the task of determining what fees they would incur by selling the fund after owning it for five years. Several noticed the assumptions underlying the examples. In addition, many noted the exclusions (e.g., 1% commission, \$50 maintenance fee).

Inclusiveness of Example of Fees Over Time

Investors did not differentiate the alternate versions of the *Example of Fees Over Time* section (see Phoenix #4 and Phoenix #5). Their preference was mixed between the two versions.

Distribution of Fees

Investors were generally able to use the form to identify the recipients of their fees (e.g., CCC Equity Fund and Generic Brokerage).

Variable Annuity Forms

Investors found the variable annuity forms (Phoenix #3 and Phoenix #6) helpful in identifying the fees involved with the investment. They primarily focused on the penalties for terminating the contract prematurely (e.g., surrender charge).

Consequences of Withdrawing Early

Investors utilized the examples of fees over time to complete the task of determining the consequences of surrendering their contract, and noted the assumptions and exclusions that appear on the form. For the most part, investors understood withdrawing from the contract to be associated with the term “surrender your contract” in the example.

Fee Detail

Investors indicated that the detail underneath the contract fee and investment fees aided them in defining these terms.

Appendices

- A** **Final Version Forms**
- B** **Forms Used in Testing**
- C** **Discussion Guides**
- D** **Respondent Recruitment Screener**
- E** **Release and Confidentiality Form**

Appendix A

Final Version Forms

Fees and conflicts of interest to consider before purchasing
AAA Equity Fund Class A shares (AAAEA) from
Generic Brokerage Company

Date: _____

Ask us questions before you buy

We are required to tell you about fees and conflicts of interest that may affect your decision to buy shares of this fund.

Additional fees apply to short-term trading

In addition to the fees below, you will pay a 2.0% redemption fee to AAA if you sell your shares within two months of your purchase date. Ask us for details.

Find out more

You should consider the costs, goals and risks associated with any fund before you invest. Read more about this investment in the prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or online at www.aaafunds.com/equityfund/prospectus.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you buy

You pay a sales fee for Class A shares when you purchase them—up front. This **up front sales fee** is based on the amount of your payment. Generic Brokerage receives all or most of this fee.

You may qualify for sales fee discounts if you or members of your family hold other shares from this fund family, or if you agree to make additional purchases. Ask us for more information.

Your payment	Up front sales fee you pay	Value of your investment after fee	Up front fee as % of your investment
\$	\$	\$	%
\$1,000.00	\$57.50	\$942.50	6.10%
\$10,000.00	\$575.00	\$9,425.00	6.10%
\$50,000.00	\$2,250.00	\$47,750.00	4.71%
\$100,000.00	\$3,500.00	\$96,500.00	3.63%

You also pay each year

In addition to an up front sales fee, you will pay ongoing fees every year you hold shares in the fund. The **annual fees** you pay are based on the value of your investment, and include:

Distribution fees	0.25%
Management fees	0.75%
Other expenses	0.92%

Annual fee 1.92%

The distribution fees are set by the fund, but Generic Brokerage receives all or most of these fees.

In addition, you will pay a **\$50 maintenance fee** to AAA each year the value of your shares in this fund is less than \$10,000.

These estimates assume the value of your investment does not change.

Investment value	Estimated 1st-year annual fees you pay	Annual fee as % of investment value
\$	\$	1.92%
\$10,000.00	\$192.00	1.92%

Example of fees over time

Use this example to help compare the cost of investing in this fund with the cost of investing in other funds. This example shows the estimated total of a single **up front sales fee** and the **annual fees** you would pay over a given number of years.

This example **does not include** a \$50 maintenance fee for fund balances below \$10,000.

For a \$10,000 payment, this is how much you would pay in fees for this fund after holding your shares for the time indicated. This assumes a 5% annual return, and no change in fees. Your actual costs will vary.

	After 1 year	After 3 years	After 5 years	After 10 years
One-time up front fee	\$575.00	\$575.00	\$575.00	\$575.00
Total annual fees	183.75	568.39	977.10	2,114.23
Total	\$758.75	\$1,143.39	\$1,552.10	\$2,689.23

Conflicts of interest

The sales fees paid by fund companies—like AAA—can vary. Broker-dealers—like Generic—have an incentive to sell funds that pay higher sales and distribution fees. To learn more about the payments and incentives Generic receives for selling this fund, ask us for a summary. You can also request this information by calling (800) 888-8888 or view it online at www.brokerwebsite.com/specialincentives.

Does AAA or any of its affiliates pay us extra to promote this fund over other funds? **YES**

Do we pay our personnel more for selling this fund than for selling other funds we offer? **YES**

Fees and conflicts of interest to consider before purchasing
AAA Equity Fund Class B shares (AAAEB) from
Generic Brokerage Company

Date: _____

Ask us questions before you buy

We are required to tell you about fees and conflicts of interest that may affect your decision to buy shares of this fund.

Additional fees apply to short-term trading

In addition to the fees below, you will pay a 2.0% redemption fee to AAA if you sell your shares within two months of your purchase date. Ask us for details.

Find out more

You should consider the costs, goals and risks associated with any fund before you invest. Read more about this investment in the prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or online at www.aaafunds.com/equityfund/prospectus.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you sell

You pay a sales fee for Class B shares when you sell them—at the back end. The **back end sales fee** rate will decline over 6 years. However, you will continue to pay the ongoing annual fees described below as long as you hold class B shares of this fund.

These estimates assume you sell your shares within one year of purchasing them, and the value of your investment does not change.

Investment value	Estimated maximum back end sales fee	Maximum back end fee %
\$	\$	6.10%
\$10,000.00	\$610.00	6.10%

You also pay each year

In addition to the back end sales fee, you will pay ongoing fees every year you hold shares in the fund. The **annual fees** you pay are based on the value of your investment, and include:

These estimates assume the value of your investment does not change.

Distribution fees	1.00%
Management fees	0.75%
Other expenses	0.92%
Annual fee	2.67%

Investment value	Estimated 1st-year annual fees you pay	Annual fee as % of investment value
\$	\$	2.67%
\$10,000.00	\$267.00	2.67%

The distribution fees are set by the fund, but Generic Brokerage receives all or most of these fees.

In addition, you will pay a **\$50 maintenance fee** to AAA each year the value of your shares in this fund is less than \$10,000.

Example of fees over time

Use this example to help compare the cost of investing in this fund with the cost of investing in other funds. This example shows the estimated total of a single **back end sales fee** and the **annual fees** you would pay over a given number of years.

For a \$10,000 payment, this is how much you would pay in fees if you sold your shares after holding them for the time indicated. This assumes a 5% annual return and no change in fees. Your actual costs will vary.

This example **does not include** a \$50 maintenance fee for fund balances below \$10,000.

	After 1 year	After 3 years	After 5 years	After 10 years
One-time back end fee	\$610.00	\$363.00	\$175.00	\$0.00
Total annual fees	270.11	829.36	1,414.97	3,002.65
Total	\$880.11	\$1,192.36	\$1,589.97	\$3,002.65

Conflicts of interest

The sales fees paid by fund companies—like AAA—can vary. Broker-dealers—like Generic—have an incentive to sell funds that pay higher sales and distribution fees. To learn more about the payments and incentives Generic receives for selling this fund, ask us for a summary. You can also request this information by calling (800) 888-8888 or view it online at www.brokerwebsite.com/specialincentives.

Does AAA or any of its affiliates pay us extra to promote this fund over other funds?	YES
Do we pay our personnel more for selling this fund than for selling other funds we offer?	YES
Do we pay our personnel more for selling class B shares of this fund than for selling other classes of this same fund?	YES

CCC Equity Fund (CCCE) from Generic Brokerage Company

Ask us questions before you buy

We are required to tell you about fees and conflicts of interest that may affect your decision to buy shares of this fund.

Find out more

You should consider the costs, goals and risks associated with any fund before you invest. Read more about this investment in the prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or online at www.aaafunds.com/equityfund/prospectus.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you buy

You pay a fee to CCC Equity Fund when you purchase shares in this fund. This **purchase fee** is based on the amount of your payment.

You will also pay a **1% commission** to Generic Brokerage whenever you purchase any fund from us.

Your payment	Purchase fee you pay	Value of your investment after fee	Purchase fee as % of your investment
\$	\$	\$	1.52%
\$10,000.00	\$150.00	\$9,850.00	1.52%

You pay each year

In addition to the purchase fee, you will pay ongoing fees every year you hold shares in the fund. The **annual fees** you pay are based on the value of your investment, and include:

Distribution fees	0.25%
Management fees	0.75%
Other expenses	0.92%

Annual fee 1.92%

The distribution fees are set by the fund, but Generic Brokerage receives all or most of these fees.

In addition, you will pay a **\$50 maintenance fee** to CCC each year the value of your shares in this fund is less than \$10,000.

These estimates assume the value of your investment does not change.

Investment value	Estimated 1st-year annual fees you pay	Annual fee as % of investment value
\$	\$	1.92%
\$10,000.00	\$192.00	1.92%

You pay when you sell

You may pay a fee to both CCC Equity Fund and Generic Brokerage when you sell shares. This **redemption fee** is based on the amount you sell, and how long you have held the shares that you sell.

Paid to	Shares held	
	less than 6 months	6 months or more
Generic Brokerage Co.	0.50%	0.00%
CCC Equity Fund	2.00%	0.50%
Total	2.50%	0.50%

These estimates assume you hold your shares at least six months.

Value of shares sold	Redemption fee you pay	Redemption fee as % of value
\$	\$	0.50%
\$10,000.00	\$50.00	0.50%

Example of fees over time

Use this example to help compare the cost of investing in this fund with the cost of investing in other funds. This example shows the estimated total of a single **purchase fee**, the **annual fees** you would pay over a given number of years, and the **redemption fee** you would pay when you sell.

This example **does not include** the 1% commission paid up front or the \$50 account maintenance fee for fund balances below \$10,000.

For a \$10,000 payment, this is how much you would pay after holding your shares for the time period indicated. This example assumes a 5% annual return, and no change in fees. Your actual costs will vary.

	After 1 year	After 3 years	After 5 years	After 10 years
One-time purchase fee	\$150.00	\$150.00	\$150.00	\$150.00
Total annual fees	192.03	594.02	1,021.16	2,209.57
One-time redemption fee	50.77	53.94	57.32	66.70
Total	\$392.80	\$797.96	\$1,228.48	\$2,426.27

Conflicts of interest

The sales fees paid by fund companies—like CCC—can vary. Broker-dealers—like Generic—have an incentive to sell funds that pay higher sales and distribution fees. To learn more about the payments and incentives Generic receives for selling this fund, ask us for a summary. You can also request this information by calling (800) 888-8888 or view it online at www.brokerwebsite.com/specialincentives.

Does CCC or any of its affiliates pay us extra to promote this fund over other funds?	YES
Do we pay our personnel more for selling this fund than selling other funds we offer?	YES

BBB Variable Annuity Contract from
Generic Brokerage Company

Ask us questions before you buy

We are required to tell you about fees and conflicts of interest that may affect your decision to buy this variable annuity.

Your right to a “free look”

You may be able to terminate your contract within the “free look” period and receive a refund of your payments or the current value of your investment, which may be less. Ask us for details.

Find out more

You should consider all the costs, goals and risks associated with any variable annuity before you buy. Read more about this investment in the prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.bbb.com/varannuity/prospectus.

Personalized fee information

At your request, we must provide a written estimate of the fees you would pay based on your intended purchase amount.

Fees

You pay each year

You will pay ongoing fees every year you hold the contract—**contract fees** for insurance and other costs of owning the variable annuity contract, and **investment fees** for the funds you invest in. You may also have to pay state premium taxes. Ask us for details.

In addition, you will pay a **\$50 annual contract fee** each year if the value of your contract is less than \$10,000 on the date of your contract anniversary.

Fees as a % of your average account value.

Contract fees	Without Rider	With Stepped-up Death Benefit Rider
Mortality and expense risk charge	1.65%	1.65%
Death Benefit Rider charge	0.00%	0.70%
Administrative fee	0.15%	0.15%
Total	1.80%	2.50%

Investment fees	Minimum	Maximum
Includes management fees, distribution (12b-1) fees, and other expenses deducted from fund assets	0.55%	2.25%

You pay if you withdraw early

You pay a **surrender charge** if you withdraw from your contract within 9 years. This charge is based on the amount you withdraw, and when you make the withdrawal. You may be able to withdraw money from your contract without incurring a surrender charge; see the prospectus for details.

Maximum surrender charge **9.00%**
The surrender charge will decline over time, reaching 0% after **9 years**.

Example of fees over time

Use this example to help compare the cost of investing in this contract with the cost of investing in other variable annuity contracts. These costs include **contract fees, investment fees, and surrender charges**.

For a \$10,000 investment, this is how much you would pay after holding your contract for the time period indicated. These amounts assume a 5% annual return, and the maximum fees and expenses of any of the funds available for this contract. Your actual costs will vary.

If you...	After 1 year	After 3 years	After 5 years	After 10 years
surrender your contract	\$1,377.84	\$2,134.73	\$2,895.54	\$4,809.80
annuitize your contract	475.59	1,430.35	2,389.89	4,809.80
do not surrender your contract	475.59	1,430.35	2,389.89	4,809.80

Conflicts of interest

The sales fees paid by insurance companies—like BBB—can vary. Broker-dealers—like Generic—have an incentive to sell variable annuities that pay higher sales and distribution fees. To learn more about the payments and incentives Generic receives for selling this product, ask us for a summary. You can also request this information by calling (800) 888-8888 or view it online at www.brokerwebsite.com/specialincentives

Does the insurance company or any of its affiliates pay us extra to promote this product over other variable annuities?	YES
Do we pay our personnel more for selling this product than for selling other variable annuities we offer?	YES

Appendix B1
Forms Used in Testing
Baltimore

Broker/Dealer Co.

Fees and our conflicts of interest for purchases of BBB Variable Annuity

Ask before you buy

We are required to tell you about fees and the conflicts of interest that may affect your decision to buy this variable annuity. Ask us to fill in the blanks below for details about the fees you must pay.

Free look right

You may be able to terminate your contract within the "free look" period and receive a refund of your payments or your contract value, which may be less. Ask us for details.

Fees

You pay when you buy

You pay a sales fee up front when you make a payment. The fee you pay is based on the amount of your payment.

Do you want us to fill in the blanks for you?

We must write in amounts for your payment at your request.

Total payment amount	Estimated up front fee you pay	Your investment amount	Up front fee as % of your investment amount
\$	\$	\$	%
\$1,000.00	\$63.50	\$936.50	6.79%
\$50,000.00	\$3,175.00	\$46,825.00	6.79%
\$100,000.00	\$6,350.00	\$93,650.00	6.79%

You pay when you sell

You pay a surrender charge if you withdraw money from your contract within a certain period of time. The charge is based on the amount you withdraw, and when you make the withdrawal. If you received a bonus credit, part of it will also be taken away.

The surrender charge % will decline over time.

Amount withdrawn	Estimated maximum surrender charge including bonus repayment	Maximum surrender charge %
\$	\$	9.00%
\$1,000.00	\$90.00	9.00%
\$50,000.00	\$4,500.00	9.00%
\$100,000.00	\$9,000.00	9.00%

You also pay each year

In addition to the surrender charge, you will pay ongoing fees every year you hold the contract. These fees will vary with the value of your contract, but are not charged on assets held in the fixed account. You may also pay an annual contract charge of **\$45**. Ask us for details.

For Each \$1,000 of Contract Value, You Pay Each Year

Type of Fee	Minimum You Would Pay	Maximum You Would Pay
Investment Option Fees	\$5.50 (0.55%)	\$22.50 (2.25%)
Insurance Charges	\$18.00 (1.80%)	\$25.00 (2.50%)
Total Fees for \$1,000	\$23.50 (2.35%)	\$47.50 (4.75%)
\$1,000.00	\$23.50	\$47.50
\$50,000.00	\$1,175.00	\$2,375.00
\$100,000.00	\$2,350.00	\$4,750.00

Conflicts of interest

Does the insurance company or its affiliates pay us extra to promote this product over other variable annuities? **YES**

Do we pay our personnel more for selling this product than for selling other variable annuities we offer? **NO**

Find out more

Prospectuses

You should consider all the costs, goals and risks associated with any variable annuity before you buy. Read about this information in the prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at [www.bbbannuities.com/variable annuity/prospectus](http://www.bbbannuities.com/variable%20annuity/prospectus).

Summary of special incentives

Ask us for a summary of the special incentives we receive to sell this product. This information is not available in the prospectus. You can request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Broker-Dealer Co.

Fees and our conflicts of interest for BBB Variable Annuity

Ask before you buy

We are required to tell you about the fees and conflicts of interest that may affect your decision to buy this variable annuity. Ask us to fill in the blanks below for details about the fees you must pay.

Your right to a “free look”

You may be able to terminate your contract within the “free look” period and receive a refund of your payments or your contract value, which may be less. Ask us for details.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you buy

You pay a sales fee up front when you make a payment. The fee you pay is based on your total payment amount.

Total payment amount	Estimated up front fee you pay	Your investment amount	Up front fee as % of your investment
\$	\$	\$	6.79%
\$1,000.00	\$63.50	\$936.50	6.79%
\$50,000.00	\$3,175.00	\$46,825.00	6.79%
\$100,000.00	\$6,350.00	\$93,650.00	6.79%

You pay when you withdraw early

You pay a surrender charge if you withdraw from your contract within a certain period of time. This charge is based on the amount you withdraw, and when you make the withdrawal. If you received a bonus credit, part of it will also be taken back.

The surrender charge % will decline over time.

Amount withdrawn in the first 12 months	Estimated maximum surrender charge	Maximum surrender charge %
\$	\$	9.00%
\$1,000.00	\$90.00	9.00%
\$50,000.00	\$4,500.00	9.00%
\$100,000.00	\$9,000.00	9.00%

You also pay each year

In addition, you will pay ongoing fees every year you hold the contract. These fees vary with the value of your contract and the investment options you choose, but are not charged on assets held in the fixed account. These include:

Investment option fees	0.55 – 2.25%
Insurance charges	1.80 – 2.50%
	2.35 – 4.75%

Contract value	Estimated amount you pay each year (min. – max.)	Fee as % of contract value (min. – max.)
\$1,000.00	\$23.50 – 47.50	2.35 – 4.75%
\$50,000.00	\$1,175.00 – 2,375.00	2.35 – 4.75%
\$100,000.00	\$2,350.00 – 4,750.00	2.35 – 4.75%

You may also pay an annual contract charge of \$45.

Ask us for details.

Conflicts of interest

Does the annuity company or its affiliates pay us extra to promote this product over other variable annuities? **YES**

Do we pay our personnel more for selling this product than for selling other variable annuities we offer? **NO**

Find out more

Fund Prospectus

You should consider all the costs, goals and risks associated with any variable annuity before you buy. Read about this information in the prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.bbbannuities.com/variableannuity/prospectus.

Summary of special incentives

Ask us for a summary of the special incentives we receive to sell this product. This information is not available in the prospectus. You can request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Sign after reading

By signing to the right, you acknowledge that you have reviewed this form and your salesperson has discussed it with you. Be sure to keep a copy for your records.

X

Investor

Date

Broker-Dealer Co.

Our fees and conflicts of interest for CCC Equity Fund (CCCE)

Ask before you buy

We are required to tell you about the fees and conflicts of interest that may affect your decision to buy shares of this fund. Ask us to fill in the blanks below for details about the fees you must pay.

Volume discount

You may qualify for fee discounts if you or members of your family hold other shares from this fund family, or if you agree to make additional purchases. Ask us for more information about these discounts.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you buy

You pay a purchase fee to CCC Funds when you buy shares in this fund. The fee you pay is based on the amount of your investment.

Total payment amount	Estimated purchase fee you pay	Your investment amount	Purchase fee as % of your investment
\$	\$	\$	1.52%
\$1,000.00	\$15.00	\$985.00	1.52%
\$50,000.00	\$750.00	\$49,250.00	1.52%
\$100,000.00	\$1,500.00	\$98,500.00	1.52%

You also pay each year

In addition to the purchase fee, you will pay ongoing fees every year you hold shares in the fund. These fees are based on the value of your investment, and include:

Distribution fees (<i>we receive most or all of these fees</i>)	0.25%
Management fees	0.75%
Other expenses	0.92%
Total annual fee %	1.92%

In addition, you will pay **\$50** each year if the value of your shares in this fund is less than \$10,000 at the end of the year.

These estimates assume the value of your investment does not change.

Investment value	Estimated 1 st -year annual fees you pay	Annual fee %
\$	\$	1.92%
\$1,000.00	\$19.20	1.92%
\$50,000.00	\$960.00	1.92%
\$100,000.00	\$1,920.00	1.92%

You pay if you sell

You may pay fees to both us and to CCC funds when you sell shares. These redemption fees are based on the amount you sell, and how long you have held the shares when you sell.

Paid to	Shares held	
	less than 6 months	6 months or more
Broker-Dealer Co.	0.50%	0.00%
CCC Funds Co.	2.00%	0.50%
Total redemption fee %	2.50%	0.50%

These figures assume you hold your shares at least six months.

Value of shares sold	Redemption fee you pay	Redemption fee %
\$	\$	0.50%
\$1,000.00	\$5.00	0.50%
\$50,000.00	\$250.00	0.50%
\$100,000.00	\$500.00	0.50%

Conflicts of interest

Does the fund or its affiliates pay us extra to promote this fund over other funds? **YES**

Do we pay our personnel more for selling this fund than for selling other funds we offer? **NO**

Find out more

Fund Prospectus

You should consider all the costs, goals and risks associated with any fund before you buy. Read about this information in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.aaafunds.com/equityfund/prospectus.

Summary of special incentives

Ask us for a summary of the special incentives we receive to sell this fund. This information is not available in the fund prospectus. You can request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Sign after reading

By signing to the right, you acknowledge that you have reviewed this form and your salesperson has discussed it with you. Be sure to keep a copy for your records.

X

Investor

Date

Broker-Dealer Co.

Our fees and conflicts of interest for AAA Equity Fund Class A shares (AAAEA)

Ask before you buy

We are required to tell you about the fees and conflicts of interest that may affect your decision to buy shares of this fund. Ask us to fill in the blanks below for details about the fees you must pay.

Volume discount

You may qualify for fee discounts if you or members of your family hold other shares from this fund family, or if you agree to make additional purchases. Ask us for more information about these discounts.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you buy

You pay a sales fee for Class A shares when you purchase them—up front. The amount of the up front fee you pay is based on your total payment amount.

Total payment amount	Estimated up front fee you pay	Your investment amount	Up front fee as % of your investment
\$	\$	\$	%
\$1,000.00	\$57.50	\$942.50	6.10%
\$50,000.00	\$2,250.00	\$47,750.00	4.71%
\$100,000.00	\$3,500.00	\$96,500.00	3.63%

You also pay each year

In addition to the up front sales fee, you will pay ongoing fees every year you hold shares in the fund. These fees are based on the value of your investment, and include:

Distribution fees (<i>we receive most or all of these fees</i>)	0.25%
Management fees	0.75%
Other expenses	0.92%
Total annual fee %	1.92%

These estimates assume the value of your investment does not change.

Investment value	Estimated 1 st -year annual fees you pay	Annual fee %
\$	\$	1.92%
\$1,000.00	\$19.20	1.92%
\$50,000.00	\$960.00	1.92%
\$100,000.00	\$1,920.00	1.92%

Examples of fees over time

These examples show the total cost of investing in the fund—the fees **you pay when you buy** plus the fees **you pay each year**. The examples assume 5% growth and that the fund's annual fees remain the same.

For a \$1,000 investment, this is how much you would pay in total fees after holding the fund for the time period indicated.

1 year	3 years	5 years	10 years
\$75.87	\$114.34	\$155.21	\$268.92

Conflicts of interest

Does the fund or its affiliates pay us extra to promote this fund over other funds?

YES, last year we were paid \$999,999.

Do we pay our personnel more for selling this fund than for selling other funds we offer?

NO

Find out more

Fund Prospectus

You should consider all the costs, goals and risks associated with any fund before you buy. Read about this information in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.aaafunds.com/equityfund/prospectus.

Summary of special incentives

Ask us for a summary of the special incentives we receive to sell this fund. This information is not available in the fund prospectus. You can request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Sign after reading

By signing to the right, you acknowledge that you have reviewed this form and your salesperson has discussed it with you. Be sure to keep a copy for your records.

X

Investor

Date

Broker-Dealer Co.

Our fees and conflicts of interest for AAA Equity Fund Class A shares (AAAEA)

Ask before you buy

We are required to tell you about the fees and conflicts of interest that may affect your decision to buy shares of this fund. Ask us to fill in the blanks below for details about the fees you must pay.

Volume discount

You may qualify for fee discounts if you or members of your family hold other shares from this fund family, or if you agree to make additional purchases. Ask us for more information about these discounts.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you buy

You pay a sales fee for Class A shares when you purchase them—up front. The amount of the up front fee you pay is based on your total payment amount.

Total payment amount	Estimated up front fee you pay	Your investment amount	Up front fee as % of your investment
\$	\$	\$	%
\$1,000.00	\$57.50	\$942.50	6.10%
\$50,000.00	\$2,250.00	\$47,750	4.71%
\$100,000.00	\$3,500.00	\$96,500.00	3.63%

You also pay each year

In addition to the up front sales fee, you will pay ongoing fees every year you hold shares in the fund. These fees are based on the value of your investment, and include:

Distribution fees (<i>we receive most or all of these fees</i>)	0.25%
Management fees	0.75%
Other expenses	0.92%
Total annual fee %	1.92%

These estimates assume the value of your investment does not change.

Investment value	Estimated 1 st -year annual fees you pay	Annual fee %
\$	\$	1.92%
\$1,000.00	\$19.20	1.92%
\$50,000.00	\$960.00	1.92%
\$100,000.00	\$1,920.00	1.92%

Examples of fees over time

These examples show the total cost of investing in the fund—the fees **you pay when you buy** plus the fees **you pay each year**. The examples assume 5% growth and that the fund's annual fees remain the same.

For a \$1,000 investment, this is how much you would pay in total fees after holding the fund for the time period indicated.

	1 year	3 years	5 years	10 years
Amount paid when you buy	\$57.50	\$57.50	\$57.50	\$57.50
Total annual fee payments	18.37	\$56.84	\$97.71	\$211.42
Total	\$75.87	\$114.34	\$155.21	\$268.92

Conflicts of interest

Does the fund or its affiliates pay us extra to promote this fund over other funds?

YES, last year, as part of our relationship with the AAA Fund family, we received \$999,999 to promote this family of funds.

Do we pay our personnel more for selling this fund than for selling other funds we offer?

NO

Find out more

Fund Prospectus

You should consider all the costs, goals and risks associated with any fund before you buy. Read about this information in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.aaafunds.com/equityfund/prospectus.

Summary of special incentives

Ask us for a summary of the special incentives we receive to sell this fund. This information is not available in the fund prospectus. You can request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Sign after reading

By signing to the right, you acknowledge that you have reviewed this form and your salesperson has discussed it with you. Be sure to keep a copy for your records.

X

Investor

Date

Appendix B2

Forms Used in Testing

St. Louis

Generic Brokerage Firm

Fees and our conflicts of interest for BBB Variable Annuity

Ask before you buy

The Securities and Exchange Commission requires us to tell you about the fees and conflicts of interest that may affect your decision to buy this variable annuity. Ask us to fill in the blanks below for details about the fees you must pay.

Your right to a “free look”

You may be able to terminate your contract within the “free look” period and receive a refund of your payments or your contract value, which may be less. Ask us for details.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay each year

You will pay ongoing fees every year you hold the contract—**investment fees** based on the funds you choose and **insurance charges** for the contract's insurance features, such as the death benefit that your selected beneficiary will receive. These fees will vary with the value of the contract and the investment options and insurance riders you select.

You will also pay **\$50** each year if the value of your contract is less than \$10,000 on the day of your contract anniversary.

For Each \$1,000 of Contract Value, You Pay Each Year

Type of fee	Minimum you would pay	Maximum you would pay
Investment fees	\$5.50 (0.55%)	\$22.50 (2.25%)
Insurance charges	\$18.00 (1.80%)	\$25.00 (2.50%)
Total for \$1,000	\$23.50 (2.35%)	\$47.50 (4.75%)
Total for \$50,000.00	\$1,175.00 (2.35%)	\$2,375.00 (4.75%)
Total for \$100,000.00	\$2,350.00 (2.35%)	\$4,750.00 (4.75%)

You also pay when you withdraw early

You pay a surrender charge if you withdraw from your contract within a certain period of time. This charge is based on the amount you withdraw, and when you make the withdrawal. If you received a bonus credit, part of it will also be taken back.

The surrender charge % will decline over time.

Amount Withdrawn	Estimated maximum surrender charge	Estimated maximum surrender charge %
\$	\$	9.00%
\$1,000.00	\$90.00	9.00%
\$50,000.00	\$4,500.00	9.00%
\$100,000.00	\$9,000.00	9.00%

Examples of maximum fees over time

These examples show the hypothetical total cost of investing in this variable annuity—the fees **you pay each year** plus the fees **you pay when you withdraw early**. The examples only include fees imposed on all accounts. The examples assume 5% growth and assume the maximum fees and expenses of all your available contract options.

For a \$1,000 payment, this is how much you would pay in fees, based on these assumptions, if you surrendered your contract after holding it for the time period indicated.

	1 year	3 years	5 years	10 years
Total maximum annual fees	\$47.56	\$143.04	\$238.99	\$480.98
Amount paid at withdrawal	90.22	70.43	50.56	0.00
Total	\$137.78	\$213.47	\$289.55	\$480.98

Conflicts of interest

Does the annuity company or its affiliates pay us extra to promote this product over other variable annuities? **YES**

Do we pay our personnel more for selling this product than for selling other variable annuities we offer? **NO**

Find out more

Prospectus

You should consider all the costs, goals and risks associated with any variable annuity before you buy. Read about this information in the prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.bbbannuities.com/variableannuity/prospectus.

Details about our conflicts of interest

Ask us for a summary of the special incentives we receive to sell this product. This information is not available in the prospectus. You can request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Generic Brokerage Firm

Fees and our conflicts of interest for BBB Variable Annuity

Ask before you buy

We are required to tell you about the fees and conflicts of interest that may affect your decision to buy this variable annuity. Ask us to fill in the blanks below for details about the fees you must pay.

Your right to a “free look”

You may be able to terminate your contract within the “free look” period and receive a refund of your payments or your contract value, which may be less. Ask us for details.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you withdraw early

You pay a surrender charge if you withdraw from your contract within a certain period of time. This charge is based on the amount you withdraw, and when you make the withdrawal. If you received a bonus credit, part of it will also be taken back.

The surrender charge % will decline over time.

Amount Withdrawn	Estimated maximum surrender charge	Maximum surrender charge %
\$	\$	9.00%
\$1,000.00	\$90.00	9.00%
\$50,000.00	\$4,500.00	9.00%
\$100,000.00	\$9,000.00	9.00%

You also pay each year

You will pay ongoing fees every year you hold the contract—**investment fees** based on the funds you choose and **insurance charges** for the contract's insurance features, such as the death benefit. These fees will vary with the value of the contract and the investment options and insurance riders you select. Your ongoing fees include:

Investment fees	0.55 – 2.25%
Insurance charges	1.80 – 2.50%
	2.35 – 4.75%

In addition, you will pay a **\$50** fee each year if the value of your contract is less than \$10,000.

Contract value	Estimated amount you pay each year (min. – max.)	Fee as % of contract value (min. – max.)
\$1,000.00	\$23.50 – 47.50	2.35 – 4.75%
\$50,000.00	\$1,175.00 – 2,375.00	2.35 – 4.75%
\$100,000.00	\$2,350.00 – 4,750.00	2.35 – 4.75%

Examples of fees over time

These examples show the maximum hypothetical costs of investing in this variable annuity for a given number of years—the total of fees **you would pay each year** plus any fees **you would pay to withdraw early**. The examples are for the maximum fees and expenses of all your available contract options, but only include fees imposed on all accounts.

These examples assume 5% annual growth, and no change in fees.

For a \$1,000

investment sold after ...	1 year	3 years	5 years	10 years
You would pay	\$137.78	\$213.47	\$289.55	\$480.98

Conflicts of interest

Does the annuity company or its affiliates pay us extra **YES** to promote this product over other variable annuities?

Do we pay our personnel more for selling this product than **NO** for selling other variable annuities we offer?

Find out more

Prospectus

You should consider all the costs, goals and risks associated with any variable annuity before you buy. Read about this information in the prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.bbbannuities.com/variableannuity/prospectus.

Summary of special incentives

Ask us for a summary of the special incentives we receive to sell this product. This information is not available in the prospectus. You can request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Sign after reading

By signing to the right, you acknowledge that you have reviewed this form and your salesperson has discussed it with you. Be sure to keep a copy for your records.

X

Investor

Date

Generic Brokerage Firm

Our fees and conflicts of interest for CCC Equity Fund (CCCE)

Ask before you buy

We are required to tell you about the fees and conflicts of interest that may affect your decision to buy shares of this fund. Ask us to fill in the blanks below for details about the fees you must pay.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you buy

You pay a purchase fee to CCC Equity Fund when you buy shares in this fund. The fee you pay is based on the amount of your investment.

Your payment	Estimated purchase fee you pay	Your investment	Purchase fee as % of your investment
\$	\$	\$	1.52%
\$1,000.00	\$15.00	\$985.00	1.52%
\$50,000.00	\$750.00	\$49,250.00	1.52%
\$100,000.00	\$1,500.00	\$98,500.00	1.52%

You pay each year

In addition to the purchase fee, you will pay ongoing fees every year you hold shares in the fund. These fees are based on the value of your investment, and include:

Distribution fees (<i>we receive most or all of these fees</i>)	0.25%
Management fees	0.75%
Other expenses	0.92%
Total annual fee %	1.92%

In addition, you will pay a **\$50** fee each year if the value of your shares in this fund is less than \$10,000.

These estimates assume the value of your investment does not change.

Investment value	Estimated 1st-year annual fees you pay	Annual fee %
\$	\$	1.92%
\$1,000.00	\$19.20	1.92%
\$50,000.00	\$960.00	1.92%
\$100,000.00	\$1,920.00	1.92%

You pay if you sell

You may pay fees to both us and to CCC Equity Fund when you sell shares. These redemption fees are based on the amount you sell, and how long you have held the shares when you sell.

Paid to	Shares held	
	less than 6 months	6 months or more
Broker-Dealer Co.	0.50%	0.00%
CCC Equity Fund	2.00%	0.50%
Total redemption fee %	2.50%	0.50%

These figures assume you hold your shares at least six months.

Value of shares sold	Redemption fee you pay	Redemption fee %
\$	\$	0.50%
\$1,000.00	\$5.00	0.50%
\$50,000.00	\$250.00	0.50%
\$100,000.00	\$500.00	0.50%

Conflicts of interest

Does the fund or its affiliates pay us extra to promote this fund over other funds? **YES**

Do we pay our personnel more for selling this fund than for selling other funds we offer? **NO**

Find out more

Prospectus

You should consider all the costs, goals and risks associated with any fund before you buy. Read about this information in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.aaafunds.com/equityfund/prospectus.

Summary of special incentives

Ask us for a summary of the special incentives we receive to sell this fund. This information is not available in the fund prospectus. You can request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Sign after reading

By signing to the right, you acknowledge that you have reviewed this form and your salesperson has discussed it with you. Be sure to keep a copy for your records.

X _____
Investor Date

Generic Brokerage Firm

Our fees and conflicts of interest for AAA Equity Fund Class A shares (AAAEA)

Ask before you buy

We are required to tell you about the fees and conflicts of interest that may affect your decision to buy shares of this fund. Ask us to fill in the blanks below for details about the fees you must pay.

Volume discount

You may qualify for fee discounts if you or members of your family hold other shares from this fund family, or if you agree to make additional purchases. Ask us for more information about these discounts.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you buy

You pay a sales fee for Class A shares when you purchase them—up front. The amount of the up front fee you pay is based on your payment.

Your payment	Estimated up front fee you pay	Your investment	Up front fee as % of your investment
\$	\$	\$	%
\$1,000.00	\$57.50	\$942.50	6.10%
\$50,000.00	\$2,250.00	\$47,750.00	4.71%
\$100,000.00	\$3,500.00	\$96,500.00	3.63%

You also pay each year

In addition to the up front sales fee, you will pay ongoing fees every year you hold shares in the fund. These fees are based on the value of your investment, and include:

Distribution fees (<i>we receive most or all of these fees</i>)	0.25%
Management fees	0.75%
Other expenses	0.92%
Total annual fee %	1.92%

In addition, you will pay a \$50 fee each year if the value of your shares in this fund is less than \$10,000.

These estimates assume the value of your investment does not change.

Investment value	Estimated 1 st -year annual fees you pay	Annual fee %
\$	\$	1.92%
\$1,000.00	\$19.20	1.92%
\$50,000.00	\$960.00	1.92%
\$100,000.00	\$1,920.00	1.92%

Examples of fees over time

These examples show the total cost of investing in the fund—the fees **you pay when you buy** plus the fees **you pay each year**. The examples assume 5% growth and that the fund's annual fees remain the same.

For a \$1,000 payment, this is how much you would pay in total fees after holding the fund for the time period indicated.

1 year	3 years	5 years	10 years
\$75.87	\$114.34	\$155.21	\$268.92

Conflicts of interest

Does the fund or its affiliates pay us extra to promote this fund over other funds? **YES**

Do we pay our personnel more for selling this fund than for selling other funds we offer? **NO**

Find out more

Prospectus

You should consider all the costs, goals and risks associated with any fund before you buy. Read about this information in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.aaafunds.com/equityfund/prospectus.

Summary of special incentives

Ask us for a summary of the special incentives we receive to sell this fund. This information is not available in the fund prospectus. You can request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Sign after reading

By signing to the right, you acknowledge that you have reviewed this form and your salesperson has discussed it with you. Be sure to keep a copy for your records.

X

Investor

Date

Generic Brokerage Firm

Our fees and conflicts of interest for AAA Equity Fund Class A shares (AAAEA)

Ask before you buy

We are required to tell you about the fees and conflicts of interest that may affect your decision to buy shares of this fund. Ask us to fill in the blanks below for details about the fees you must pay.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you buy

You pay a sales fee for Class A shares when you purchase them—up front. The amount of the up front fee you pay is based on your payment.

Your payment	Estimated up front fee you pay	Your investment	Up front fee as % of your investment
\$	\$	\$	%
\$1,000.00	\$57.50	\$942.50	6.10%
\$50,000.00	\$2,250.00	\$47,750	4.71%
\$100,000.00	\$3,500.00	\$96,500.00	3.63%

You also pay each year

In addition to the up front sales fee, you will pay ongoing fees every year you hold shares in the fund. These fees are based on the value of your investment, and include:

Distribution fees (<i>we receive most or all of these fees</i>)	0.25%
Management fees	0.75%
Other expenses	0.92%
Total annual fee %	1.92%

In addition, you will pay a **\$50** fee each year if the value of your shares in this fund is less than \$10,000.

These estimates assume the value of your investment does not change.

Investment value	Estimated 1st-year annual fees you pay	Annual fee %
\$	\$	%
\$1,000.00	\$19.20	1.92%
\$50,000.00	\$960.00	1.92%
\$100,000.00	\$1,920.00	1.92%

Examples of fees over time

These examples show the hypothetical costs of investing in this fund—the fee **you pay when you buy** the fund plus the fees **you would pay each year**. The examples assume 5% growth and that the fund's annual fees remain the same.

For a \$1,000 payment, this is how much you would pay in total fees after holding the fund for the time period indicated.

	1 year	3 years	5 years	10 years
Amount paid when you buy	\$57.50	\$57.50	\$57.50	\$57.50
Total annual fee payments	18.37	\$56.84	\$97.71	\$211.42
Total	\$75.87	\$114.34	\$155.21	\$268.92

Conflicts of interest

Does the fund or its affiliates pay us extra to promote this fund over other funds?

YES, last year, as part of our relationship with the AAA Fund family, we received \$789,124 to promote this family of funds.

Do we pay our personnel more for selling this fund than for selling other funds we offer?

NO

Find out more

Prospectus

You should consider all the costs, goals and risks associated with any fund before you buy. Read about this information in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.aaafunds.com/equityfund/prospectus.

Summary of special incentives

Ask us for a summary of the special incentives we receive to sell this fund. This information is not available in the fund prospectus. You can request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Sign after reading

By signing to the right, you acknowledge that you have reviewed this form and your salesperson has discussed it with you. Be sure to keep a copy for your records.

X

Investor

Date

Generic Brokerage Firm

Our fees and conflicts of interest for AAA Equity Fund Class B shares (AAAEB)

Ask before you buy

We are required to tell you about the fees and conflicts of interest that may affect your decision to buy shares of this fund. Ask us to fill in the blanks below for details about the fees you must pay.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you sell

You pay a sales fee for Class B shares when you sell them—at the back end. This fee varies with both the value of the shares you sell and the length of time you hold them.

These estimates assume the value of your investment does not change.

Investment amount	Estimated maximum back end sales fee	Maximum back end fee %
\$	\$	6.10%
\$1,000.00	\$61.00	6.10%
\$50,000.00	\$3,050.00	6.10%
\$100,000.00	\$6,100.00	6.10%

You pay each year

In addition to the back end sales fee, you will pay ongoing fees every year you hold shares in the fund. These fees are based on the value of your investment, and include:

These estimates assume the value of your investment does not change.

Distribution fees (<i>we receive most or all of these fees</i>)	1.00%
Management fees	0.75%
Other expenses	0.92%
Total annual fee %	2.67%

Investment value	Estimated 1st-year annual fees	Annual fee %
\$	\$	2.67%
\$1,000.00	\$26.70	2.67%
\$50,000.00	\$1,335.00	2.67%
\$100,000.00	\$2,670.00	2.67%

In addition, you will pay a **\$50** fee each year if the value of your shares in this fund is less than \$10,000.

Examples of fees over time

These examples show the hypothetical costs of investing in this fund for a given number of years—the total of the fees you would pay each year plus the fee you would pay when you sell the fund.

These estimates assume 5% annual growth, and no change in fees.

For a \$1,000 investment sold after...	1 year	3 years	5 years	10 years
Total annual fee payments	\$27.01	\$82.94	\$141.50	\$300.27
Fee paid when you sell	62.42	38.45	19.41	0.00
Total	\$89.43	\$121.39	\$160.91	\$300.27

Conflicts of interest

Does the fund or its affiliates pay us extra to promote this fund over other funds? **YES**
Last year, as part of our relationship with the AAA Fund family, we received \$789,124 to promote this family of funds.

Do we pay our personnel more for selling this fund than for selling other funds we offer? **NO**
 Do we pay our personnel more for selling class B shares than for selling other share classes of this fund? **NO**

Find out more

Prospectus

You should consider all the costs, goals and risks associated with any fund before you buy. Read about this information in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.aaafunds.com/equityfund/prospectus.

Summary of special incentives

Ask us for a summary of the special incentives we receive to sell this fund. This information is not available in the fund prospectus. You can request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Sign after reading

By signing to the right, you acknowledge that you have reviewed this form and your salesperson has discussed it with you. Be sure to keep a copy for your records.

X

Investor

Date

Examples of fees over time

These examples show the total cost of investing in the variable annuity—the fees **you pay each year** plus any fees **you pay if you withdraw early**. The examples assume 5% growth and that the contract's annual fees remain the same

For each \$1,000 payment, this is how much you would pay in total fees after holding your contract for the time period indicated.

If you surrender your contract:

1 year	3 years	5 years	10 years
\$137.78	\$213.47	\$289.55	\$480.98

If you annuitize your contract:

1 year	3 years	5 years	10 years
\$137.78	\$162.30	\$269.30	\$480.98

If you do not surrender your contract:

1 year	3 years	5 years	10 years
\$47.96	\$143.04	\$238.99	\$480.98

Appendix B3

Forms Used in Testing

Dallas

Generic Brokerage Firm

Fees and our conflicts of interest for BBB Variable Annuity

Ask before you buy

The Securities and Exchange Commission requires us to tell you about the fees and conflicts of interest that may affect your decision to buy this variable annuity. Ask us to fill in the blanks below for details about the fees you must pay.

Your right to a "free look"

You may be able to terminate your contract within the "free look" period and receive a refund of your payments or your contract value, which may be less. Ask us for details.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay each year

You will pay two types of ongoing fees every year you hold the contract—**investment fees** for operating the funds you invest in, and **insurance charges** for the insurance features you choose, such as the death benefit. These fees will vary with the value of your contract and your choice of options.

You will also pay **\$50** each year if the value of your contract is less than \$10,000 on the day of your contract anniversary.

For each \$1,000 of contract value, you pay each year:

	Minimum you would pay	Maximum you would pay
Investment fees	\$5.50 (0.55%)	\$22.50 (2.25%)
Insurance charges	\$18.00 (1.80%)	\$25.00 (2.50%)
Total for \$1,000.00	\$23.50 (2.35%)	\$47.50 (4.75%)
Total for \$50,000.00	\$1,175.00 (2.35%)	\$2,375.00 (4.75%)
Total for \$100,000.00	\$2,350.00 (2.35%)	\$4,750.00 (4.75%)

You pay if you withdraw early

You pay a surrender charge if you withdraw from your contract within a certain period of time. This charge is based on the amount you withdraw, and when you make the withdrawal.

The surrender charge % will decline over a period of **9 years**.

Amount Withdrawn	Estimated maximum surrender charge	Estimated maximum surrender charge %
\$	\$	9.00%
\$1,000.00	\$90.00	9.00%
\$50,000.00	\$4,500.00	9.00%
\$100,000.00	\$9,000.00	9.00%

Examples of fees over time

These examples show the hypothetical cost of investing in this variable annuity for a given number of years—the total of the fees you pay each year and any fee you pay if you withdraw early.

For a \$10,000 payment, this is how much you would pay in fees if you surrendered your contract after holding it for the time period indicated. These examples assume 5% annual growth and assume the maximum fees of your available contract options.

	1 year	3 years	5 years	10 years
Total annual fees paid	\$475.59	\$1,430.35	\$2,389.89	\$4,809.80
Paid at withdrawal	902.25	704.38	505.65	0.00
Total	\$1,377.84	\$2,134.73	\$2,895.54	\$4,809.80

Conflicts of interest

Does the insurance company or its affiliates pay us extra to promote this product over other variable annuities? **YES**

Do we pay our personnel more for selling this product than for selling other variable annuities we offer? **YES**

Find out more

Details about our conflicts of interest

Ask us for a summary of the payments and special incentives we receive to sell this product. You can also request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Prospectus

You should consider the costs, goals and risks associated with any variable annuity before you buy. Read more about this investment in the prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.bbbannuities.com/variableannuity/prospectus.

Sign after reading

By signing to the right, you acknowledge that you have reviewed this form and your salesperson has discussed it with you. Be sure to keep a copy for your records.

X

Investor

Date

Generic Brokerage Firm

Fees and our conflicts of interest for BBB Variable Annuity

Ask before you buy

The Securities and Exchange Commission requires us to tell you about the fees and conflicts of interest that may affect your decision to buy this variable annuity. Ask us to fill in the blanks below for details about the fees you must pay.

Your right to a "free look"

You may be able to terminate your contract within the "free look" period and receive a refund of your payments or your contract value, which may be less. Ask us for details.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay each year

This section shows ranges for **investment fees** and **insurance charges** you will pay each year under the contract. Your actual fees will be based on the investment options and insurance features you select. These ongoing fees will vary with the value of your contract.

You will also pay **\$50** each year if the value of your contract is less than \$10,000 on the day of your contract anniversary.

For each \$1,000 of contract value, you pay each year:

	Annual fee you pay (min. – max.)	Annual fee % (min. – max.)
Investment fees	\$5.50 – \$22.50	0.55% – 2.25%
Insurance charges	\$18.00 – \$25.00	1.80% – 2.50%
Total for \$1,000.00	\$23.50 – \$47.50	2.35% – 4.75%
Total for \$50,000.00	\$1,175.00 – \$2,375.00	2.35% – 4.75%
Total for \$100,000.00	\$2,350.00 – \$4,750.00	2.35% – 4.75%

You pay if you withdraw early

You pay a surrender charge if you withdraw from your contract within a certain period of time. This charge is based on the amount you withdraw, and when you make the withdrawal.

The surrender charge % will decline over a period of **9 years**.

Amount Withdrawn	Estimated maximum surrender charge	Estimated maximum surrender charge %
\$	\$	9.00%
\$1,000.00	\$90.00	9.00%
\$50,000.00	\$4,500.00	9.00%
\$100,000.00	\$9,000.00	9.00%

Examples of fees over time

These examples show the hypothetical cost of investing in this variable annuity for a given number of years—the total of the fees **you pay each year** and any fee **you pay if you withdraw early**.

For a \$10,000 payment, this is how much you would pay in fees if you surrendered your contract after holding it for the time period indicated. These examples assume 5% annual growth and assume the maximum fees of your available contract options.

	1 year	3 years	5 years	10 years
Total annual fees paid	\$475.59	\$1,430.35	\$2,389.89	\$4,809.80
Paid at withdrawal	902.25	704.38	505.65	0.00
Total	\$1,377.84	\$2,134.73	\$2,895.54	\$4,809.80

Conflicts of interest

Does the insurance company or its affiliates pay us extra **YES** to promote this product over other variable annuities?

Do we pay our personnel more for selling this product than for selling other variable annuities we offer? **YES**

Find out more

Details about our conflicts of interest

Ask us for a summary of the payments and special incentives we receive to sell this product. You can also request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Prospectus

You should consider the costs, goals and risks associated with any variable annuity before you buy. Read more about this investment in the prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.bbbannuities.com/variableannuity/prospectus.

Sign after reading

By signing to the right, you acknowledge that you have reviewed this form and your salesperson has discussed it with you. Be sure to keep a copy for your records.

X

Investor

Date

Generic Brokerage Firm

Our fees and conflicts of interest for CCC Equity Fund (CCCE)

Ask before you buy

The Securities and Exchange Commission requires us to tell you about the fees and conflicts of interest that may affect your decision to buy shares of this fund. Ask us to fill in the blanks below for details about the fees you must pay.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you buy

You pay a sales fee to CCC Equity Fund when you buy shares in this fund. The fee amount is based on your payment.

In addition to the sales fee, you will pay us a commission to purchase this fund. For your payment amount listed at right, this commission would be:

Commission amount	Commission as a % of your investment
\$	1.00%

Your payment	Sales fee you pay	Your investment	Sales fee as % of your investment
\$	\$	\$	1.52%
\$1,000.00	\$15.00	\$985.00	1.52%
\$50,000.00	\$750.00	\$49,250.00	1.52%
\$100,000.00	\$1,500.00	\$98,500.00	1.52%

You pay while you own

In addition to the purchase fee, you will pay ongoing fees every year you hold shares in the fund. These fees are based on the value of your investment, and include:

Distribution fees (<i>we receive most or all of these fees</i>)	0.25%
Management fees	0.75%
Other expenses	0.92%
Total annual fee %	1.92%

In addition, you will pay a \$50 fee each year if the value of your shares in this fund is less than \$10,000.

These estimates assume the value of your investment does not change.

Investment value	Estimated 1st-year annual fees you pay	Annual fee %
\$	\$	1.92%
\$1,000.00	\$19.20	1.92%
\$50,000.00	\$960.00	1.92%
\$100,000.00	\$1,920.00	1.92%

You pay if you sell

You may pay fees to both us and to CCC Equity Fund when you sell shares. These redemption fees are based on the amount you sell, and how long you have held the shares when you sell.

Paid to	Shares held	
	less than 6 months	6 months or more
Generic Brokerage Firm	0.50%	0.00%
CCC Equity Fund	2.00%	0.50%
Total redemption fee %	2.50%	0.50%

These figures assume you hold your shares at least six months.

Value of shares sold	Redemption fee you pay	Redemption fee %
\$	\$	0.50%
\$1,000.00	\$5.00	0.50%
\$50,000.00	\$250.00	0.50%
\$100,000.00	\$500.00	0.50%

Examples of fees over time

These examples show the hypothetical cost of investing in this fund for a given number of years—the total of the fees **you pay when you buy**, the fees **you pay while you own**, and the fee **you pay when you sell**.

These examples do not include the fees that we charge you.

For a \$10,000 payment, this is how much you would pay in fees if you sold your shares after holding them for the time period indicated. These examples assume 5% annual growth and no change in fees.

	1 year	3 years	5 years	10 years
Paid when you buy	\$150.00	\$150.00	\$150.00	\$150.00
Total annual fees paid	192.03	594.02	1,021.16	2,209.57
Paid when you sell	50.77	53.14	56.46	66.70
Total	\$392.80	\$797.16	\$1,227.62	\$2,426.27

Sign after reading

By signing to the right, you acknowledge that you have reviewed this form and your salesperson has discussed it with you. Be sure to keep a copy for your records.

X

Investor

Date

See additional information on the next page

Our fees and conflicts of interest for CCC Equity Fund (CCCE)

Conflicts of interest

Does the fund or its affiliates pay us extra to promote this fund over other funds? **YES**

Do we pay our personnel more for selling this fund than for selling other funds we offer? **YES**

Ask us for a summary of the payments and special incentives we receive to sell this fund. You can request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Find out more**Prospectus**

You should consider all the costs, goals and risks associated with any fund before you buy. Read more about this information in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.aaafunds.com/equityfund/prospectus.

Generic Brokerage Firm

Our fees and conflicts of interest for AAA Equity Fund Class A shares (AAAEA)

Ask before you buy

The Securities and Exchange Commission requires us to tell you about the fees and conflicts of interest that may affect your decision to buy shares of this fund. Ask us to fill in the blanks below for details about the fees you must pay.

Volume discount

You may qualify for fee discounts if you or members of your family hold other shares from this fund family, or if you agree to make additional purchases. Ask us for more information about these discounts.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you buy

You pay a sales fee for Class A shares when you purchase them—up front. The amount of the up front fee you pay is based on your payment.

Your payment	Estimated up front fee you pay	Your investment	Up front fee as % of your investment
\$	\$	\$	%
\$1,000.00	\$57.50	\$942.50	6.10%
\$50,000.00	\$2,250.00	\$47,750.00	4.71%
\$100,000.00	\$3,500.00	\$96,500.00	3.63%

You also pay each year

In addition to the up front sales fee, you will pay ongoing fees every year you hold shares in the fund. These fees are based on the value of your investment, and include:

Distribution fees (<i>we receive most or all of these fees</i>)	0.25%
Management fees	0.75%
Other expenses	0.92%
Total annual fee %	1.92%

In addition, you will pay a **\$50** fee each year if the value of your shares in this fund is less than \$10,000.

These estimates assume the value of your investment does not change.

Investment value	Estimated 1st-year annual fees you pay	Annual fee %
\$	\$	%
\$1,000.00	\$19.20	1.92%
\$50,000.00	\$960.00	1.92%
\$100,000.00	\$1,920.00	1.92%

Examples of fees over time

These examples show the hypothetical costs of investing in this fund for a given number of years—the total of the fees you pay when you buy and the fees you pay each year.

Some fees may be waived for higher investment amounts. Ask us for details.

For a \$1,000 payment, this is how much you would pay in fees after holding your shares for the time period indicated. These examples assume 5% annual growth, and no change in fees.

	1 year	3 years	5 years	10 years
Paid when you buy	\$57.50	\$57.50	\$57.50	\$57.50
Total annual fees paid	68.37	203.88	337.66	663.75
Total	\$125.87	\$261.38	\$395.16	\$721.25

Conflicts of interest

Does the fund or its affiliates pay us extra to promote this fund over other funds? **YES**

Do we pay our personnel more for selling this fund than for selling other funds we offer? **YES**

Find out more

Details about our conflicts of interest

Last year, we received \$789,124 to promote the AAA fund family. You can learn more about the payments and special incentives we receive to sell this fund by asking us for a summary. You can also request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Prospectus

You should consider the costs, goals and risks associated with any fund before you buy. Read more about this investment in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.aaafunds.com/equityfund/prospectus.

Sign after reading

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X

Investor

Date

Generic Brokerage Firm

Our fees and conflicts of interest for AAA Equity Fund Class A shares (AAAEA)

Ask before you buy

The Securities and Exchange Commission requires us to tell you about the fees and conflicts of interest that may affect your decision to buy shares of this fund. Ask us to fill in the blanks below for details about the fees you must pay.

Additional fees apply to short-term trading

In addition to the fees below, you will pay a 2.0% redemption fee if you sell your shares within two months of your purchase date. Ask us for more details.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you buy

You pay a sales fee for Class A shares when you purchase them—up front. The amount of the up front fee you pay is based on your payment.

Your payment	Estimated up front fee you pay	Your investment	Up front fee as % of your investment
\$	\$	\$	%
\$1,000.00	\$57.50	\$942.50	6.10%
\$50,000.00	\$2,250.00	\$47,750	4.71%
\$100,000.00	\$3,500.00	\$96,500.00	3.63%

You also pay each year

In addition to the up front sales fee, you will pay ongoing fees every year you hold shares in the fund. These fees are based on the value of your investment, and include:

Distribution fees (<i>we receive most or all of these fees</i>)	0.25%
Management fees	0.75%
Other expenses	0.92%
Total annual fee %	1.92%

In addition, you will pay a **\$50** fee each year if the value of your shares in this fund is less than \$10,000.

These estimates assume the value of your investment does not change.

Investment value	Estimated 1st-year annual fees you pay	Annual fee %
\$	\$	%
\$1,000.00	\$19.20	1.92%
\$50,000.00	\$960.00	1.92%
\$100,000.00	\$1,920.00	1.92%

Examples of fees over time

These examples show the hypothetical costs of investing in this fund for a given number of years—the total of the fee you pay when you buy and the fees you pay each year.

For a \$10,000 payment, this is how much you would pay in fees after holding the fund for the time period indicated. The examples assume 5% annual growth and no change in fees.

	1 year	3 years	5 years	10 years
Paid when you buy			\$575.00	
Total annual fees paid	183.75	568.39	977.10	2,114.23
Total	\$758.75	\$1,143.39	\$1,552.10	\$2,689.23

Conflicts of interest

Does the fund or its affiliates pay us extra to promote this fund over other funds? **YES**

Last year, as part of our relationship with the AAA Fund family, we received \$789,124 to promote this family of funds.

Do we pay our personnel more for selling this fund than for selling other funds we offer? **YES**

Find out more

Details about our conflicts of interest

Ask us for a summary of the payments and special incentives we receive to sell this fund. You can also request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Prospectus

You should consider the costs, goals and risks associated with any fund before you buy. Read more about this investment in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.aaafunds.com/equityfund/prospectus.

Sign after reading

By signing to the right, you acknowledge that you have reviewed this form and your salesperson has discussed it with you. Be sure to keep a copy for your records.

X

Investor

Date

<p>Examples of fees over time These examples show the total cost of investing in the variable annuity—the fees you pay you pay each year plus any fees you pay if you withdraw early.</p>	<p>For each \$10,000 total payment amount, this is how much you would pay in total fees after holding the fund for the time period indicated. These examples assume 5% annual growth and assume the maximum fees and expenses of all your available contract options.</p> <p>If you surrender your contract:</p> <table border="1"> <thead> <tr> <th></th> <th>1 year</th> <th>3 years</th> <th>5 years</th> <th>10 years</th> </tr> </thead> <tbody> <tr> <td>Total annual fees paid</td> <td>\$475.59</td> <td>\$1,430.35</td> <td>\$2,389.89</td> <td>\$4,809.80</td> </tr> <tr> <td>Paid at withdrawal</td> <td>902.25</td> <td>704.38</td> <td>505.65</td> <td>0.00</td> </tr> <tr> <td>Total</td> <td>\$1,377.84</td> <td>\$2,134.73</td> <td>\$2,895.54</td> <td>\$4,809.80</td> </tr> </tbody> </table> <p>If you do not surrender your contract:</p> <table border="1"> <thead> <tr> <th></th> <th>1 year</th> <th>3 years</th> <th>5 years</th> <th>10 years</th> </tr> </thead> <tbody> <tr> <td>Total annual fees paid</td> <td>\$475.59</td> <td>\$1,430.35</td> <td>\$2,389.89</td> <td>\$4,809.80</td> </tr> </tbody> </table>		1 year	3 years	5 years	10 years	Total annual fees paid	\$475.59	\$1,430.35	\$2,389.89	\$4,809.80	Paid at withdrawal	902.25	704.38	505.65	0.00	Total	\$1,377.84	\$2,134.73	\$2,895.54	\$4,809.80		1 year	3 years	5 years	10 years	Total annual fees paid	\$475.59	\$1,430.35	\$2,389.89	\$4,809.80
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Appendix B4
Forms Used in Testing
Philadelphia

Generic Brokerage Firm

Fees you pay to us and AAA, and conflicts of interest for AAA Equity Fund Class A shares (AAAEA)

Ask before you buy

We are required tell you about fees and conflicts of interest that may affect your decision to buy this fund. At your request, we must provide you with a written estimate of the fees for your purchase amount.

Additional fees apply to short-term trading

In addition to the fees below, you will pay a 2.0% redemption fee if you sell your shares within two months of your purchase date. Ask us for more details.

Fees

You pay when you buy

You pay a sales fee for Class A shares when you purchase them—up front. Generic receives all or most of this fee. The amount of the up front fee you pay is based on your payment. You may qualify for fee discounts if you or members of your family hold other shares from this fund family, or if you agree to make additional purchases. Ask us for more information.

Sample payment	Estimated up front fee you pay	Your investment	Up front fee as % of your investment
\$10,000.00	\$575.00	\$9,425.00	6.10%

Personalized information is available from us in writing upon request.

You also pay each year

In addition to the one-time up front sales fee, you will pay ongoing fees every year you hold shares in the fund. Although distribution fees are imposed by the fund, Generic receives most or all of those fees. These fees are based on the value of your investment, and include:

Distribution fees	0.25%
Management fees	0.75%
Other fees	0.92%
Total annual fee %	1.92%

In addition, you will pay a **\$50** fee each year if the value of your shares in this fund is less than \$10,000.

These estimates assume the value of your investment does not change.

Investment value	Estimated 1st-year annual fees you pay	Annual fee %
\$9,425.00	\$180.96	1.92%

You do not pay these fees directly; rather they are paid out of the fund's assets annually to cover the costs of marketing, distribution, administration, and other services provided by us and the fund.

Personalized information is available from us in writing upon request.

Examples of fees over time

These examples show the hypothetical costs of investing in this fund for a given number of years—the total of the fees **you pay when you buy** and the fees **you pay each year**.

Some fees may be waived for higher investment amounts. Ask us for details.

For a \$10,000 payment, this is how much you would pay in fees after holding your shares for the time period indicated. These examples assume a 5% annual return, and no change in fees.

	1 year	3 years	5 years	10 years
Paid once when you buy	\$575.00	\$575.00	\$575.00	\$575.00
Total annual fees paid	183.75	568.39	977.10	2,114.23
Total	\$758.75	\$1,143.39	\$1,552.10	\$2,689.23

Conflicts of interest

Does AAA or its affiliates pay us extra to promote this fund over other funds? **YES**

Do we pay our personnel more for selling this fund than for selling other funds we offer? **YES**

Find out more

Details about our conflicts of interest

Sales charges vary, and broker-dealers have an incentive to sell funds that pay them higher sales charges and distribution fees. You can learn more about the payments and special incentives we receive to sell this fund by asking us for a summary. You can also request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Prospectus

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Generic Brokerage Firm

AAA Equity Fund Class A shares (AAAEA)

Ask before you buy

We are required to tell you about the fees and conflicts of interest that may affect your decision to buy this fund. At your request, we must provide you with a written estimate of the fees for your purchase amount.

Volume discount

You may qualify for fee discounts if you or members of your family hold other shares from this fund family, or if you agree to make additional purchases. Ask us for more information about these discounts.

Fees

You pay when you buy

You pay a sales fee for Class A shares when you purchase them—up front. The amount of the up front fee you pay is based on your payment, unless you qualify for a volume discount (see above).

Sample payment	Estimated up front fee you pay	Your investment	Up front fee as % of your investment
\$10,000.00	\$575.00	\$9,425.00	6.10%

Personalized information is available from us in writing upon request.

You also pay each year

In addition to the one-time up front sales fee, you will pay ongoing fees every year you hold shares in the fund. These fees are based on the value of your investment, and include:

Distribution fees (<i>we receive most or all of these fees</i>)	0.25%
Management fees	0.75%
Other fees	0.92%
Total annual fee %	1.92%

These estimates assume the value of your investment does not change.

Investment value	Estimated 1st-year annual fees you pay	Annual fee %
\$9,425.00	\$180.96	1.92%

Personalized information is available from us in writing upon request.

In addition, you will pay a **\$50** fee each year if the value of your shares in this fund is less than \$10,000.

Examples of fees over time

These examples show the hypothetical costs of investing in this fund for a given number of years—the total of the fees **you pay when you buy** and the fees **you pay each year**.

Some fees may be waived for higher investment amounts. Ask us for details.

For a \$10,000 payment, this is how much you would pay in fees after holding your shares for the time period indicated. These examples assume a 5% annual return, and no change in fees.

	1 year	3 years	5 years	10 years
Paid when you buy	\$575.00	\$575.00	\$575.00	\$575.00
Total annual fees paid	183.75	568.39	977.10	2,114.23
Total	\$758.75	\$1,143.39	\$1,552.10	\$2,689.23

Conflicts of interest

Does AAA or its affiliates pay us extra to promote this fund over other funds? **YES**

Do we pay our personnel more for selling this fund than for selling other funds we offer? **YES**

Find out more

Details about our conflicts of interest

You can learn more about the payments and special incentives we receive to sell this fund by asking us for a summary. You can also request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Prospectus

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Generic Brokerage Firm

AAA Equity Fund Class A shares (AAAEA)

Ask before you buy

We are required to tell you about fees and conflicts of interest that may affect your decision to buy this fund. At your request, we must provide you with a written estimate of the fees for your purchase amount.

Volume discount

You may qualify for fee discounts if you or members of your family hold other shares from this fund family, or if you agree to make additional purchases. Ask us for more information about these discounts.

Fees

You pay when you buy

You pay a sales fee for Class A shares when you purchase them—up front. Generic receives all or most of this fee. The amount of the up front fee you pay is based on your payment, unless you qualify for a volume discount (see above).

Sample payment	Estimated up front fee you pay	Your investment	Up front fee as % of your investment
\$10,000.00	\$575.00	\$9,425.00	6.10%

Personalized information is available from us in writing upon request.

You also pay each year

In addition to the one-time up front sales fee, you will pay ongoing fees every year you hold shares in the fund. These fees are based on the value of your investment.

These estimates assume the value of your investment does not change.

Investment value	Estimated 1st-year annual fees you pay	Annual fee %
\$9,425.00	\$180.96	1.92%

Personalized information is available from us in writing upon request.

In addition, you will pay a **\$50** fee each year if the value of your shares in this fund is less than \$10,000.

Examples of fees over time

These examples show the hypothetical costs of investing in this fund for a given number of years—the total of the fees **you pay when you buy** and the fees **you pay each year**.

For a \$10,000 payment, this is how much you would pay in fees after holding your shares for the time period indicated. These examples assume a 5% annual return, and no change in fees.

	1 year	3 years	5 years	10 years
Paid when you buy	\$575.00	\$575.00	\$575.00	\$575.00
Total annual fees paid	183.75	568.39	977.10	2,114.23
Total	\$758.75	\$1,143.39	\$1,552.10	\$2,689.23

Some fees may be waived for higher investment amounts. Ask us for details.

Conflicts of interest

Details about our conflicts of interest

Sales charges vary, and broker-dealers have an incentive to sell funds that pay them higher sales charges and distribution fees. You can learn more about the payments and special incentives we receive to sell this fund by asking us for a summary. You can also request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives

Does AAA or its affiliates pay us extra to promote this fund over other funds? **YES**

Do we pay our personnel more for selling this fund than selling other funds we offer? **YES**

Find out more

Prospectus

You should consider the costs, goals and risks associated with any fund before you buy. Read more about this investment in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.aaafunds.com/equityfund/prospectus.

Generic Brokerage Firm

AAA Equity Fund Class A shares (AAAEA)

Ask before you buy

We are required to tell you about fees and conflicts of interest that may affect your decision to buy this fund. At your request, we must provide you with a written estimate of the fees for your purchase amount.

Fees

You pay when you buy

You pay a sales fee for Class A shares when you purchase them—up front. Generic receives all or most of this fee. The amount of the up front fee you pay is based on your payment. You may qualify for fee discounts if you or members of your family hold other shares from this fund family, or if you agree to make additional purchases. Ask us for more information.

Sample payment	Estimated up front fee you pay	Your investment	Up front fee as % of your investment
\$10,000.00	\$575.00	\$9,425.00	6.10%

Personalized information is available from us in writing upon request.

You also pay each year

In addition to the one-time up front sales fee, you will pay ongoing fees every year you hold shares in the fund. These fees are based on the value of your investment, and include:

Distribution fees (<i>we receive most or all of these fees</i>)	0.25%
Management fees	0.75%
Other fees	0.92%
Total annual fee %	1.92%

These estimates assume the value of your investment does not change.

Investment value	Estimated 1st-year annual fees you pay	Annual fee %
\$9,425.00	\$180.96	1.92%

In addition, you will pay a **\$50** fee each year if the value of your shares in this fund is less than \$10,000.

Personalized information is available from us in writing upon request.

Examples of fees over time

These examples show the hypothetical costs of investing in this fund for a given number of years—the total of the fees **you pay when you buy** and the fees **you pay each year**.

Some fees may be waived for higher investment amounts. Ask us for details.

For a \$10,000 payment, this is how much you would pay in fees after holding your shares for the time period indicated. These examples assume a 5% annual return, and no change in fees.

	1 year	3 years	5 years	10 years
Total	\$758.75	\$1,143.39	\$1,552.10	\$2,689.23

Conflicts of interest

Details about our conflicts of interest

Sales charges vary, and broker-dealers have an incentive to sell funds that pay them higher sales charges and distribution fees. You can learn more about the payments and special incentives we receive to sell this fund by asking us for a summary. You can also request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Does AAA or its affiliates pay us extra to promote this fund over other funds? **YES**

Do we pay our personnel more for selling this fund than for selling other funds we offer? **YES**

Find out more

Prospectus

You should consider the costs, goals and risks associated with any fund before you buy. Read more about this investment in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.aaafunds.com/equityfund/prospectus.

Additional fees apply to short-term trading

In addition to the fees described above, you will pay a 2.0% redemption fee if you sell your shares within two months of your purchase date. Ask us for more details.

Generic Brokerage Firm**Our fees and conflicts of interest for AAA Equity Fund Class A shares (AAAEA)****Ask us questions before you buy**

We are required to tell you about fees and conflicts of interest that may affect your decision to buy shares of this fund.

Additional fees apply to short-term trading

In addition to the fees below, you will pay a 2.0% redemption fee if you sell your shares within two months of your purchase date. Ask us for more details.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees**You pay when you buy**

You pay a sales fee for Class A shares when you purchase them—up front. The amount of the up front fee you pay is based on your payment.

If you or your family invest at least \$50,000 in the AAA fund family, then you may be eligible for a reduced up front fee.

Your payment	Estimated up front fee you pay	Your investment	Up front fee as % of your investment
\$	\$	\$	%
\$1,000.00	\$57.50	\$942.50	6.10%
\$50,000.00	\$2,250.00	\$47,750.00	4.71%
\$100,000.00	\$3,500.00	\$96,500.00	3.63%

You also pay each year

In addition to the up front sales fee, you will pay ongoing fees every year you hold shares in the fund. These fees are based on the value of your investment, and include:

Distribution fees (<i>we receive most or all of these fees</i>)	0.25%
Management fees	0.75%
Other expenses	0.92%
Total annual fee %	1.92%

In addition, you will pay a **\$50** fee each year if the value of your shares in this fund is less than \$10,000.

These estimates assume the value of your investment does not change.

Investment value	Estimated 1st-year annual fees you pay	Annual fee %
\$	\$	%
\$1,000.00	\$19.20	1.92%
\$50,000.00	\$960.00	1.92%
\$100,000.00	\$1,920.00	1.92%

Examples of fees over time

These examples show the hypothetical costs of investing in this fund over a given number of years. They can help you compare the cost of investing in this fund with the cost of investing in other funds or share classes of this fund.

The examples only include fees listed on the right hand column of this form. You should also consider other fees that you may pay to us or the fund before you invest.

For a \$10,000 payment, this is how much you would pay in fees after holding your shares for the time period indicated. These examples assume a 5% annual return, and no change in fees.

	1 year	3 years	5 years	10 years
Paid when you buy	\$575.00	\$575.00	\$575.00	\$575.00
Total annual fees paid	183.75	568.39	977.10	2,114.23
Total	\$758.75	\$1,143.39	\$1,552.10	\$2,689.23

Conflicts of interest

Does the fund or its affiliates pay us extra to promote this fund over other funds? **YES**

Do we pay our personnel more for selling this fund than for selling other funds we offer? **NO**

Find out more**Details about our conflicts of interest**

You can learn more about the payments and special incentives we receive to sell this fund by asking us for a summary. You can also request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Prospectus

You should consider the costs, goals and risks associated with any fund before you buy. Read more about this investment in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.aaafunds.com/equityfund/prospectus.

Generic Brokerage Firm

Our fees and conflicts of interest for CCC Equity Fund (CCCE)

Date: _____

Ask before you buy

We are required to tell you about fees and conflicts of interest that may affect your decision to buy this fund.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you buy

You pay a sales fee to CCC Equity Fund when you buy shares in this fund. The fee amount is based on your payment. In addition to the sales fee, you will pay Generic a commission to purchase this fund. For your payment amount listed at right, this commission would be:

Your payment	Sales fee you pay	Your investment	Sales fee as % of your investment
\$	\$	\$	1.52%
\$10,000.00	\$150.00	\$9,850.00	1.52%

Commission amount	Commission as a % of your payment
\$	1.00%

You pay while you own

In addition to the purchase fee, you will pay ongoing fees every year you hold shares in the fund. These annual fees are based on the value of your investment.

These estimates assume the value of your investment does not change.

In addition, you will pay a **\$50** fee each year if the value of your shares in this fund is less than \$10,000.

Investment value	Estimated 1st-year annual fees you pay	Annual fee %
\$	\$	1.92%
\$9,850.00	\$189.12	1.92%

You pay if you sell

You may pay fees to both us and to CCC Equity Fund when you sell shares. These redemption fees are based on the amount you sell, and how long you have held the shares when you sell.

These figures assume you hold your shares at least six months.

Paid to	Shares held less than 6 months	Shares held 6 months or more
Generic Brokerage Firm	0.50%	0.00%
CCC Equity Fund	2.00%	0.50%
Total fee %	2.50%	0.50%

Value of shares sold	Fee you pay	Fee %
\$	\$	0.50%
\$9,850.00	\$49.25	0.50%

Examples of fees over time

These examples show the hypothetical cost of investing in this fund for a given number of years—the total of the fees **you pay when you buy**, the fees **you pay while you own**, and the fee **you pay when you sell**. These examples do not include the fees that Generic charges you, such as the commission.

For a \$10,000 payment, this is how much you would pay in fees if you sold your shares after holding them for the time period indicated. These examples assume a 5% annual return and no change in fees.

	1 year	3 years	5 years	10 years
Total	\$392.80	\$797.16	\$1,227.62	\$2,426.27

Conflicts of interest

Does the fund or its affiliates pay us extra to promote this fund over other funds? **YES**

Do we pay our personnel more for selling this fund than for selling other funds we offer? **YES**

Details about our conflicts of interest

Ask us for a summary of the payments and special incentives we receive to sell this fund. You can request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Find out more

Prospectus

You should consider all the costs, goals and risks associated with any fund before you buy. Read more about this information in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.cccfunds.com/equityfund/prospectus.

Generic Brokerage Firm**Fees you pay to us and to BBB, and our conflicts of interest for BBB Variable Annuity****Ask before you buy**

We are required to tell you about the fees and conflicts of interest that may affect your decision to buy this variable annuity. At your request, we must provide you with a written estimate of the fees for your purchase amount.

Your right to a “free look”

You may be able to terminate your contract within the “free look” period and receive a refund of your payments or the current value of your investment, which may be less. Ask us for details.

Fees**You pay each year**

You will pay two types of ongoing fees every year you hold the contract—**investment fees** for the funds you invest in, and **insurance charges** for the insurance features you choose, such as the death benefit. These fees will vary with the value of your contract and your choice of options.

For each \$10,000 of contract value, you pay each year:

	Annual fee you pay (min. – max.)	Annual fee % (min. – max.)
Investment fees	\$55.00 – \$225.00	0.55% – 2.25%
Insurance charges	\$180.00 – \$250.00	1.80% – 2.50%
Total for \$10,000.00	\$235.00 – \$475.00	2.35% – 4.75%

Personalized information is available from us in writing upon request.

You pay if you withdraw early

You pay a surrender charge if you withdraw from your contract within 9 years. This charge is based on the amount you withdraw, and when you make the withdrawal. You may be able to withdraw money from your contract without incurring a surrender charge; see the prospectus for details.

Amount Withdrawn	Estimated maximum surrender charge	Estimated maximum surrender charge %
\$10,000.00	\$900.00	9.00%

The surrender charge % will decline over a period of **9 years**.

Personalized information is available from us in writing upon request.

Examples of fees over time

These examples show the hypothetical cost of investing in this variable annuity for a given number of years—the total of the fees **you pay each year** and any fee **you pay if you withdraw early**.

For a \$10,000 payment, this is how much you would pay in fees if you surrendered your contract after holding it for the time period indicated. These examples assume 5% annual return and assume the maximum investment fees and insurance charges.

	1 year	3 years	5 years	10 years
Total annual fees paid	\$475.59	\$1,430.35	\$2,389.89	\$4,809.80
Paid at withdrawal	902.25	704.38	505.65	0.00
Total	\$1,377.84	\$2,134.73	\$2,895.54	\$4,809.80

You will also pay **\$50** each year if the value of your contract is less than \$10,000 on the day of your contract anniversary.

Conflicts of interest

Does the insurance company or its affiliates pay us extra to promote this product over other variable annuities? **YES**

Do we pay our personnel more for selling this product than for selling other variable annuities we offer? **YES**

Find out more**Details about our conflicts of interest**

Ask us for a summary of the payments and special incentives we receive to sell this product. You can also request this information by calling (800) 888-8888 or review it online at www.brokerwebsite.com/specialincentives.

Prospectus

You should consider the costs, goals and risks associated with any variable annuity before you buy. Read more about this investment in the prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.bbbannuities.com/variableannuity/prospectus.

Generic Brokerage Firm

Fees and our conflicts of interest for BBB Variable Annuity

Ask before you buy

We are required to tell you about the fees and conflicts of interest that may affect your decision to buy this variable annuity.

Your right to a “free look”

You may be able to terminate your contract within the “free look” period and receive a refund of your payments or the current value of your contract, which may be less. Ask us for details.

Fees

This example is intended to help you compare the cost of investing in the contract with the cost of investing in other variable annuity contracts. These costs include contract owner transaction expenses, contract fees, separate account annual expenses, and portfolio company fees and expenses.

For a \$10,000 investment in this contract, you would pay the following fees for the time periods indicated. This example assumes that your investment has a 5% return each year and assumes the maximum fees and expenses of the portfolio companies.

Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 year	3 years	5 years	10 years
If you surrender your contract at the end of	\$1,377.84	\$2,134.73	\$2,895.54	\$4,809.80
If you annuitize your contract at the end of	\$1,377.84	\$1,430.35	\$2,389.89	\$4,809.80
If you continue to hold your contract at the end of	\$475.59	\$1,430.35	\$2,389.89	\$4,809.80

Conflicts of interest

Does the insurance company or its affiliates pay us extra to promote this product over other variable annuities? **YES**

Do we pay our personnel more for selling this product than for selling other variable annuities we offer? **YES**

Find out more

Details about our conflicts of interest

Ask us for a summary of the payments and special incentives we receive to sell this product. You can also request this information by calling (800) 888-8888 or review it online at www.generic.com/specialincentives.

Prospectus

You should consider the costs, goals and risks associated with any variable annuity before you buy. Read more about this investment in the prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or on line at www.bbbannuities.com/variableannuity/prospectus.

This section explains the fees and expenses associated with the BBB Variable Annuity

The following tables describe the fees and expenses that you will pay when buying, owning, and surrendering the contract.

Contractowner Transaction Expenses

The first table describes the fees and expenses that you will pay at the time that you surrender the contract. State premium taxes may also be deducted.

- Maximum Surrender Charge 9.00%

Periodic Contract Expenses

The next table describes the fees and expenses that you will pay periodically during the time that you own the contract, not including fund fees and expenses.

- Annual Contract Fee \$50.00¹

Separate Account Annual Expenses
(as a percentage of average account value)

	Without Rider	With Stepped-up Death Benefit Rider
• Mortality and Expense Risk Charge	1.65%	1.65%
• Death Benefit Rider Charge	0.00%	0.70%
• <u>Administrative Fee</u>	<u>0.15%</u>	<u>0.15%</u>
• <u>Total</u>	<u>1.80%</u>	<u>2.50%</u>

Total Annual Fund Operating Expenses

The next item shows the minimum and maximum total operating expenses charged by the funds that you may periodically pay during the time that you own the contract. More detail concerning each fund's fees and expenses is contained in the prospectus for each fund.

<u>Total Annual Fund Operating Expenses</u>	<u>Minimum</u>	<u>Maximum</u>
Expenses that are deducted from fund assets, including management fees, distribution (12b-1) fees, and other expenses	0.55%	2.25%

Example

This example is intended to help you compare the cost of investing in the contract with the cost of investing in other variable annuity contracts. These costs include contractowner transaction expenses, contract fees, separate account annual expenses, and fund fees and expenses.

This example assumes that you invest \$10,000 in the contract for the time periods indicated. The example also assumes that your investment has a 5% return each year and assumes the maximum fees and expenses of any of the funds. Although your actual costs may be higher or lower, based on these assumptions, your costs would be:

- if you surrender your contract at the end of the applicable time period:

1 year	3 years	5 years	10 years
\$1,377.84	\$2,134.73	\$2,895.54	\$4,809.80
- if you annuitize at the end of the applicable time period:

1 year	3 years	5 years	10 years
\$1,377.84	\$1,430.35	\$2,389.89	\$4,809.80
- if you do not surrender your contract:

1 year	3 years	5 years	10 years
\$475.59	\$1,430.35	\$2,389.89	\$4,809.80

¹ This fee is imposed if the value of your contract is less than \$10,000 on the date of your contract anniversary.

Appendix B5
Forms Used in Testing
Phoenix

Fees and conflicts of interest to consider before purchasing
AAA Equity Fund Class A shares (AAAEA) from
Generic Brokerage Company

Date: _____

Ask us questions before you buy

We are required to tell you about fees and conflicts of interest that may affect your decision to buy shares of this fund.

Additional fees apply to short-term trading

In addition to the fees below, you will pay a 2.0% redemption fee if you sell your shares within two months of your purchase date. Ask us for details.

Find out more

You should consider the costs, goals and risks associated with any fund before you invest. Read more about this investment in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or online at www.aaafunds.com/equityfund/prospectus.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you buy

You pay a sales fee for Class A shares when you purchase them—up front. This **up front sales fee** is based on the amount of your payment. Generic Brokerage receives all or most of this fee.

You may qualify for sales fee discounts if you or members of your family hold other shares from this fund family, or if you agree to make additional purchases. Ask us for more information.

Your payment	Estimated up front sales fee you pay	Your investment	Up front fee as % of your investment
\$	\$	\$	%
\$1,000.00	\$57.50	\$942.50	6.10%
\$50,000.00	\$2,250.00	\$47,750.00	4.71%
\$100,000.00	\$3,500.00	\$96,500.00	3.63%

You also pay each year

In addition to an up front sales fee, you will pay ongoing fees every year you hold shares in the fund. The **annual fees** you pay are based on the value of your investment, and include:

Distribution fees	0.25%
Management fees	0.75%
Other expenses	0.92%
Annual fee	1.92%

The distribution fees are set by the fund, but Generic Brokerage receives all or most of these fees.

In addition, you will pay a **\$50 maintenance fee** to AAA each year the value of your shares in this fund is less than \$10,000.

These estimates assume the value of your investment does not change.

Investment value	Estimated 1st-year annual fees you pay	Annual fee as % investment value
\$	\$	%
\$1,000.00	\$19.20	1.92%
\$50,000.00	\$960.00	1.92%
\$100,000.00	\$1,920.00	1.92%

Example of fees over time

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other funds. The example shows the estimated cost of investing in this fund for a given number of years—the total of the fees **you pay when you buy** and the fees **you pay each year**.

This example does not include the \$50 maintenance fee for fund balances below \$10,000.

For a \$10,000 payment, this is how much you would pay after holding your shares for the time period indicated. This example assumes a 5% annual return, and no change in fees. Your actual costs will vary.

	1 year	3 years	5 years	10 years
Paid once when you buy	\$575.00	\$575.00	\$575.00	\$575.00
Total annual fees paid	183.75	568.39	977.10	2,114.23
Total	\$758.75	\$1,143.39	\$1,552.10	\$2,689.23

Conflicts of interest

Sales charges paid by mutual funds vary. Broker-dealers—like Generic—have an incentive to sell funds that pay high sales and distribution fees. To learn more about the payments and incentives we receive for selling this fund, ask us for a summary. You can also request this information by calling (800) 888-8888 or view it online at www.brokerwebsite.com/specialincentives.

Does AAA or its affiliates pay us extra to promote this fund over other funds?	YES
Do we pay our personnel more for selling this fund than selling other funds we offer?	YES

Fees and conflicts of interest to consider before purchasing
AAA Equity Fund Class A shares (AAAEA) from
Generic Brokerage Company

Date: _____

Ask us questions before you buy

We are required to tell you about fees and conflicts of interest that may affect your decision to buy shares of this fund.

Additional fees apply to short-term trading

In addition to the fees shown below, you will pay a 2.0% redemption fee if you sell your shares within two months of the date you purchase them. Ask us for details.

Find out more

You should consider the costs, goals and risks associated with any fund before you invest. Read more about this investment in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or online at www.aaafunds.com/equityfund/prospectus.

Fees

You pay when you buy

You pay a sales fee for Class A shares when you purchase them—up front. This **up front sales fee** is based on the amount of your payment. Generic Brokerage receives all or most of this fee.

You may qualify for sales fee discounts if you or members of your family hold other shares from this fund family, or if you agree to make additional purchases. Ask us for more information.

If the amount of your payment is...	Estimated up front sales fee you pay	Value of your investment	Up front fee as % of your investment
\$10,000.00	\$575.00	\$9,425.00	6.10%

Personalized information is available from us in writing upon request.

You also pay each year

In addition to an up front sales fee, you will pay ongoing fees every year you hold shares in the fund. The **annual fees** you pay are based on the value of your investment, and include:

Distribution fees	0.25%
Management fees	0.75%
Other expenses	0.92%
Annual fee	1.92%

The distribution fees are set by the fund, but Generic Brokerage receives all or most of these fees.

In addition, you will pay a **\$50 maintenance fee** to AAA each year the value of your shares in this fund is less than \$10,000.

These estimates assume the value of your investment does not change.

If the value of your investment is...	Estimated 1st-year annual fees you pay	Annual fee as a % of your investment
\$9,425.00	\$180.96	1.92%

Personalized information is available from us in writing upon request.

Example of fees over time

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other funds. The example shows the estimated cost of investing in this fund for a given number of years—the total of the fees **you pay when you buy** and the fees **you pay each year**.

This example does not include the \$50 maintenance fee for fund balances below \$10,000.

For a \$10,000 payment, this is how much you would pay after holding your shares for the time period indicated. This example assumes a 5% annual return, and no change in fees. Your actual costs will vary.

	1 year	3 years	5 years	10 years
Paid once when you buy	\$575.00	\$575.00	\$575.00	\$575.00
Total annual fees paid	183.75	568.39	977.10	2,114.23
Total	\$758.75	\$1,143.39	\$1,552.10	\$2,689.23

Conflicts of interest

Sales charges paid by mutual funds vary. Broker-dealers—like Generic—have an incentive to sell funds that pay high sales and distribution fees. To learn more about the payments and incentives we receive for selling this fund, ask us for a summary. You can also request this information by calling (800) 888-8888 or view it online at www.brokerwebsite.com/specialincentives.

Does AAA or its affiliates pay us extra to promote this fund over other funds? **YES**

Do we pay our personnel more for selling this fund than selling other funds we offer? **YES**

BBB Variable Annuity Contract from
Generic Brokerage Company

Ask us questions before you buy

We are required to tell you about fees and conflicts of interest that may affect your decision to buy this variable annuity.

Your right to a “free look”

You may be able to terminate your contract within the “free look” period and receive a refund of your payments or the current value of your investment, which may be less. Ask us for details.

Find out more

You should consider the costs, goals and risks associated with any investment before you buy. Read more about this variable annuity in the prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or online at www.bbb.com/variableannuity/prospectus.

Fees

You pay each year

You will pay two types of ongoing fees every year you hold the contract—**contract fees** for insurance and other costs of owning the variable annuity contract, and **investment fees** for the funds you invest in. You may also have to pay state premium taxes. Ask us for details.

In addition, you will pay a **\$50** service fee each year if the value of your contract is less than \$10,000 on the date of your contract anniversary.

Fees as a % of your average account value.

Separate account annual expenses (Contract fees)	Without Rider	With Stepped-up Death Benefit Rider
Mortality and expense risk charge	1.65%	1.65%
Death benefit rider charge	0.00%	0.70%
Administrative fee	0.15%	0.15%
Total	1.80%	2.50%

Annual fund operating expenses (Investment fees)

	Minimum	Maximum
Includes management fees, distribution (12b-1) fees, and other expenses deducted from fund assets	0.55%	2.25%

Personalized information is available from us in writing upon request.

You pay if you withdraw early

You pay a surrender charge if you withdraw from your contract within 9 years. This charge is based on the amount you withdraw, and when you make the withdrawal. You may be able to withdraw money from your contract without incurring a surrender charge; see the prospectus for details.

Maximum surrender charge 9.00%

The surrender charge % will decline over a period of **9 years**.

Personalized information is available from us in writing upon request.

Example of fees over time

This example is intended to help you compare the cost of investing in the contract with the cost of investing in other variable annuity contracts. These costs include contract owner transaction expenses, contract fees, separate account annual expenses, and fund fees and expenses.

For a \$10,000 investment, this is how much you would pay after holding your contract for the time period indicated. These amounts assume a 5% annual return, and the maximum fees and expenses of any of the funds available under this contract. Your actual costs will vary.

If at the end of the time period you...	1 year	3 years	5 years	10 years
Surrender your contract	\$1,377.84	\$2,134.73	\$2,895.54	\$4,809.80
Annuitize	1,377.84	1,430.35	2,389.89	4,809.80
Do not surrender your contract	475.59	1,430.35	2,389.89	4,809.80

Conflicts of interest

Sales charges paid by insurance companies that issue variable annuities differ. Broker-dealers—like Generic—have an incentive to sell variable annuities that pay high sales and distribution fees. To learn more about the payments and incentives we receive for selling this product, ask us for a summary. You can also request this information by calling (800) 888-8888 or view it online at www.brokerwebsite.com/specialincentives.

Does the insurance company or its affiliates pay us extra to promote this product over other variable annuities? **YES**

Do we pay our personnel more for selling this product than for selling other variable annuities we offer? **NO**

Fees and conflicts of interest to consider before purchasing

Date: _____

CCC Equity Fund (CCCE) from Generic Brokerage Company

Ask us questions before you buy

We are required to tell you about fees and conflicts of interest that may affect your decision to buy shares of this fund.

Find out more

You should consider the costs, goals and risks associated with any fund before you invest. Read more about this investment in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or online at www.aaafunds.com/equityfund/prospectus.

Do you want us to fill in the blanks for you?

We must write in amounts for your investment at your request.

Fees

You pay when you buy

You pay a fee to CCC Equity Fund when you purchase shares in this fund. This **purchase fee** is based on the amount of your payment.

You will also pay a **1% commission** to Generic Brokerage whenever you purchase any fund from us.

Your payment	Purchase fee you pay	Your investment	Purchase fee as % of your investment
\$	\$	\$	1.52%
\$10,000.00	\$150.00	\$9,850.00	1.52%

You pay each year

In addition to a sales fee, you will pay ongoing fees every year you hold shares in the fund. The **annual fees** you pay are based on the value of your investment, and include:

Distribution fees	0.25%
Management fees	0.75%
Other expenses	0.92%
Annual fee	1.92%

The distribution fees are set by the fund, but Generic Brokerage receives all or most of these fees.

In addition, you will pay a **\$50 maintenance fee** to CCC each year the value of your shares in this fund is less than \$10,000.

These estimates assume the value of your investment does not change.

Investment value	Estimated 1st-year annual fees you pay	Annual fee as % of investment value
\$	\$	1.92%
\$10,000.00	\$192.00	1.92%

You pay if you sell

You may pay a fee to both CCC Equity Fund and Generic Brokerage when you sell shares. This **redemption fee** is based on the amount you sell, and how long you have held the shares that you sell.

Paid to	Shares held	
	less than 6 months	6 months or more
Generic Brokerage Firm	0.50%	0.00%
CCC Equity Fund	2.00%	0.50%
Total	2.50%	0.50%

This example assumes you hold your shares at least six months.

Value of shares sold	Redemption fee you pay	Redemption fee as % of value
\$	\$	0.50%
\$10,000.00	\$50.00	0.50%

Example of fees over time

This example shows the hypothetical cost of investing in this fund for a given number of years—the total of the **upfront sales fee**, the **annual fees**, and the **redemption fee**. Use it to help compare the cost of investing in this fund with the cost of investing in other funds.

This example does not include the 1% commission paid up front or the \$50 account maintenance fee for fund balances below \$10,000.

For a \$10,000 payment, this is how much you could pay after holding your shares for the time period indicated. This example assumes a 5% annual return, and no change in fees.

	1 year	3 years	5 years	10 years
Paid once when you buy	\$150.00	\$150.00	\$150.00	\$150.00
Total annual fees paid	192.03	594.02	1,021.16	2,209.57
Paid when you sell	50.77	53.14	56.46	66.70
Total	\$392.80	\$797.16	\$1,227.62	\$2,426.27

Conflicts of interest

Sales charges paid by mutual funds vary. Broker-dealers—like Generic—have an incentive to sell funds that pay high sales and distribution fees. To learn more about the payments and incentives we receive for selling this fund, ask us for a summary. You can also request this information by calling (800) 888-8888 or view it online at www.brokerwebsite.com/specialincentives.

Does CCC or its affiliates pay us extra to promote this fund over other funds? **YES**

Do we pay our personnel more for selling this fund than selling other funds we offer? **YES**

Fees and conflicts of interest to consider before purchasing
CCC Equity Fund (CCCE) from Generic Brokerage Company

Date: _____

Ask us questions before you buy

We are required to tell you about fees and conflicts of interest that may affect your decision to buy shares of this fund.

Find out more

You should consider the costs, goals and risks associated with any fund before you invest. Read more about this investment in the fund prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or online at www.cccfunds.com/equityfund/prospectus.

Fees

You pay when you buy

You pay a fee to CCC Equity Fund when you purchase shares in this fund. This **purchase fee** is based on the amount of your payment.

You will also pay a **1% commission** to Generic Brokerage whenever you purchase any fund from us.

If the amount of your payment is...	Purchase fee you pay	Value of your investment	Purchase fee as % of your investment
\$10,000.00	\$150.00	\$9,850.00	1.52%

Personalized information is available from us in writing upon request.

You pay each year

In addition to a sales fee, you will pay ongoing fees every year you hold shares in the fund. The **annual fees** you pay are based on the value of your investment, and include:

Distribution fees	0.25%
Management fees	0.75%
Other expenses	0.92%
Annual fee	1.92%

The distribution fees are set by the fund, but Generic Brokerage receives all or most of these fees.

In addition, you will pay a **\$50 maintenance fee** to CCC each year the value of your shares in this fund is less than \$10,000.

These estimates assume the value of your investment does not change.

If the value of your investment is...	Estimated 1st-year annual fees you pay	Annual fee as a % of your investment
\$10,000.00	\$192.00	1.92%

Personalized information is available from us in writing upon request.

You pay if you sell

You may pay a fee to both CCC Equity Fund and Generic Brokerage when you sell shares. This **redemption fee** is based on the amount you sell, and how long you have held the shares that you sell.

Paid to	Shares held	
	less than 6 months	6 months or more
Generic Brokerage Firm	0.50%	0.00%
CCC Equity Fund	2.00%	0.50%
Total	2.50%	0.50%

This example assumes you hold your shares at least six months.

If the value of the shares sold is...	Redemption fee you pay	Redemption fee as % of value
\$10,000.00	\$50.00	0.50%

Example of fees over time

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other funds. The example shows the estimated cost of investing in this fund for a given number of years—the total of the fees **you pay when you buy**, the fees **you pay each year**, and the fees **you pay if you sell**.

This example does not include the 1% commission paid up front or the \$50 account maintenance fee for fund balances below \$10,000.

For a \$10,000 payment, this is how much you would pay after holding your shares for the time period indicated. This example assumes a 5% annual return, and no change in fees. Your actual costs will vary.

	1 year	3 years	5 years	10 years
Paid once when you buy	\$150.00	\$150.00	\$150.00	\$150.00
Total annual fees paid	192.03	594.02	1,021.16	2,209.57
Paid when you sell	50.77	53.14	56.46	66.70
Total	\$392.80	\$797.16	\$1,227.62	\$2,426.27

Conflicts of interest

Sales charges paid by mutual funds vary. Broker-dealers—like Generic—have an incentive to sell funds that pay high sales fees and distribution fees. To learn more about the payments and incentives we receive for selling this fund, ask us for a summary. You can also request this information by calling (800) 888-8888 or view it online at www.brokerwebsite.com/specialincentives.

Does CCC or its affiliates pay us extra to promote this fund over other funds? **YES**

Do we pay our personnel more for selling this fund than selling other funds we offer? **YES**

BBB Variable Annuity Contract from
Generic Brokerage Company

Ask us questions before you buy

We are required to tell you about fees and conflicts of interest that may affect your decision to buy this variable annuity.

Your right to a “free look”

You may be able to terminate your contract within the “free look” period and receive a refund of your payments or the current value of your investment, which may be less. Ask us for details.

Find out more

You should consider the costs, goals and risks associated with any investment before you buy. Read more about this variable annuity in the prospectus. We can provide you with a copy today, or you may obtain one by calling (800) 999-9999 or online at www.bbb.com/variableannuity/prospectus.

Fees

You pay each year

You will pay two types of ongoing fees every year you hold the contract—**contract fees** for insurance and other costs of owning the variable annuity contract, and **investment fees** for the funds you invest in. You may also have to pay state premium taxes. Ask us for details.

In addition, you will pay a **\$50** service fee each year if the value of your contract is less than \$10,000 on the date of your contract anniversary.

Fees as a % of your average account value.

Separate account annual expenses (Contract fees)	Without Rider	With Stepped-up Death Benefit Rider
Mortality and expense risk charge	1.65%	1.65%
Death benefit rider charge	0.00%	0.70%
Administrative fee	0.15%	0.15%
Total	1.80%	2.50%

Annual fund operating expenses (Investment fees)

	Minimum	Maximum
Includes management fees, distribution (12b-1) fees, and other expenses deducted from fund assets	0.55%	2.25%

Personalized information is available from us in writing upon request.

You pay if you withdraw early

You pay a surrender charge if you withdraw from your contract within 9 years. This charge is based on the amount you withdraw, and when you make the withdrawal. You may be able to withdraw money from your contract without incurring a surrender charge; see the prospectus for details.

Maximum surrender charge 9.00%

The surrender charge % will decline over a period of **9 years**.

Personalized information is available from us in writing upon request.

Example of fees over time

This example is intended to help you compare the cost of investing in the contract with the cost of investing in other variable annuity contracts. These costs include contract owner transaction expenses, contract fees, separate account annual expenses, and fund fees and expenses.

For a \$10,000 investment, this is how much you would pay after holding your contract for the time period indicated. These amounts assume a 5% annual return, and the maximum fees and expenses of any of the funds available under this contract. Your actual costs will vary.

If at the end of the time period you...	1 year	3 years	5 years	10 years
Surrender your contract	\$1,377.84	\$2,134.73	\$2,895.54	\$4,809.80
Annuitize	1,377.84	1,430.35	2,389.89	4,809.80
Do not surrender your contract	475.59	1,430.35	2,389.89	4,809.80

Conflicts of interest

Sales charges paid by insurance companies that issue variable annuities differ. Broker-dealers—like Generic—have an incentive to sell variable annuities that pay high sales and distribution fees. To learn more about the payments and incentives we receive for selling this product, ask us for a summary. You can also request this information by calling (800) 888-8888 or view it online at www.brokerwebsite.com/specialincentives.

Does the insurance company or its affiliates pay us extra to promote this product over other variable annuities? **YES**

Does your sales representative receive a higher percentage of the compensation paid to Generic for selling this product than for other variable annuities we offer? **NO**

Appendix C

Discussion Guides

**SEC
Disclosure Forms
Discussion Guide – Baltimore
Gelb Consulting Group, Inc.**

Thank you for joining us today. My name is John McKeever, and I work for Gelb Consulting Group, an independent market research firm. Today we are going to talk about how you use different information sources to manage your investments. We're conducting this work for the Securities and Exchange Commission.

The primary mission of the SEC is to protect investors and maintain the integrity of the securities markets. They are trying to develop some forms to help investors make more informed investment decisions.

During the interview, we will spend some time reviewing information you might use before you purchase a mutual fund or variable annuity.

Keep in mind that there are no right or wrong answers; we are just interested in the opinions of investors like you.

Your name will not be used in any way and your comments will remain anonymous. This session is being video taped so I can refer to it for analysis. Do you have any questions before we begin?

Introduction (5 minutes)

1. To get started...when researching investments, what resources do you typically use (probe: financial services professional, websites, newspapers)?
2. What information do you typically look for?

Mutual Fund Forms (20 Minutes)

I'd like to you to think about making a mutual fund purchase with your broker.

3. How familiar are you with mutual funds? What is your understanding of how they work?

Comprehensive Mutual Fund Point of Sale (Form No. 3)

4. Please take a moment to review the information on this form. What is your overall impression of the form? (probe: relevance, fill in the blank boxes, required signature)
5. What specific information from the form would you use to evaluate the investment? (probe fully)
6. How could this form be improved to make it more useful? (probe: redemption fees)

Now, let's take a look at a form for another mutual fund.

Note: rotate Form No. 4 and Form No. 5 in this section

7. For each section, please tell me what key messages are communicated to you? (probe: conflicts of interest, required signature, examples of fees over time)
8. What information from the form would you use to evaluate the investment?
9. How could this form be improved to make it more useful?

Now I'd like to show you another version of the form for the same type of mutual fund investment.

10. On this form, please tell me what key messages are communicated to you in this area? (point to examples of fees over time)
11. Finally, let's take a look at this section (point to conflicts of interest) on these three forms. Among these, which would be the most useful? Why?

Variable Annuity POS (30 minutes)

I'd like you to think about making a variable annuity purchase with your broker.

12. How familiar are you with variable annuities? What is your understanding of how they work?

Note: rotate Form No. 1 and Form No. 2 in this section

13. For each section, please tell me what key messages are communicated to you? (probe: minimum/maximum ranges, investment option fees, insurance charges, surrender charges, free look, bonus credit/bonus repayment, assets, fixed account)
Note: the term "bonus repayment" is only used on Form No. 1
14. What information from the form would you use to evaluate the investment? (probe: date (Form No. 1 only))
15. Now, assume that you have \$5,000 to invest in this variable annuity. What is the most in total fees you would expect to pay if you sold the investment at the end of the first year? (ask them to point to information on the form) How confident are you in this answer? (probe: does investor notice annual contract charge)
16. How could this form be improved to make it more useful? (Probe: fee presentation)

Now, I'd like to show you another version of the form for the same type of variable annuity.

17. On this form, please tell me what key messages are communicated to you in this area? (point to fees you pay each year, point to headers)
18. Which form do you find most useful? Why?

19. Did you learn anything about variable annuities as a result of reviewing these forms?

Wrap-up (5 minutes)

20. Finally, do you have any suggestions for SEC as they move forward in developing forms to better inform investors like you?

Thank you for your time and opinions.

**SEC
Disclosure Forms
Discussion Guide – St. Louis
Gelb Consulting Group, Inc.**

Thank you for joining us today. My name is John McKeever, and I work for Gelb Consulting Group, an independent market research firm. Today we are going to talk about how you use different information sources to manage your investments. We're conducting this work for the Securities and Exchange Commission.

The primary mission of the SEC is to protect investors and maintain the integrity of the securities markets. They are trying to develop some forms to help investors make more informed investment decisions.

During the interview, we will spend some time reviewing information you might use before you purchase a mutual fund or variable annuity.

Keep in mind that there are no right or wrong answers; we are just interested in the opinions of investors like you.

Your name will not be used in any way and your comments will remain anonymous. This session is being video taped so I can refer to it for analysis. Do you have any questions before we begin?

Introduction (5 minutes)

1. To get started...when researching investments, what resources do you typically use (probe: financial services professional, websites, newspapers)?
2. What information do you typically look for?

Mutual Fund Forms (20 Minutes)

I'd like to you to think about making a mutual fund purchase with your broker.

3. How familiar are you with mutual funds? What is your understanding of how they work?

Comprehensive Mutual Fund Point of Sale (Form No. 3)

4. Please take a moment to review the information on this form. What is your overall impression of the form? (probe: relevance, fill in the blank boxes, required signature)
5. What specific information from the form would you use to evaluate the investment? (probe fully)
6. (Point to redemption fees) What do you perceive are the implications of this fee? (probe: broker-dealer, fund)
7. How could this form be improved to make it more useful?

Now, let's take a look at a form for another mutual fund.

Note: rotate Form No. 4, Form No. 5, and No. 6 in this section

8. For each section, please tell me what key messages are communicated to you?
(probe: conflicts of interest, examples of fees over time)
9. What information from the form would you use to evaluate the investment?
10. How could this form be improved to make it more useful?

Now I'd like to show you another version of the form for another mutual fund.

11. On this form, please tell me what key messages are communicated to you in this area? (point to examples of fees over time)

Finally, I'd like you to compare the forms.

12. What information from the forms would you use to evaluate these two investment choices (point out Class A and Class B)? (probe: fees over time)
13. Finally, let's take a look at this section (point to conflicts of interest) on these three forms (Form 5, Form 3, Form 6). Between these forms, which would be the most useful? Why?

Variable Annuity POS (30 minutes)

I'd like you to think about making a variable annuity purchase with your broker.

14. How familiar are you with variable annuities? What is your understanding of how they work?

Note: rotate Form No. 1 and Form No. 2 in this section

15. For each section, please tell me what key messages are communicated to you?
(probe: investment fees, insurance charges, bonus credit)
16. What information from the form would you use to evaluate the investment? (probe: date - 1, SEC language - 1, required signature - 2)
17. Now, assume that you have \$1,000 to invest in this variable annuity. What types of fees would you expect to pay if you held the contract for five years and sold it?
18. Under the same scenario, what is the maximum amount of fees you would expect to pay? How confident are you in this answer? (probe: annual contract fee, growth assumptions)
19. How could this form be improved to make it more useful?

Now, I'd like to show you another version of the form for the same type of variable annuity.

20. On this form, please tell me what key messages are communicated to you in this area? (point to fees you pay each year, point to headers)
21. Now I'd like to show another presentation of this section (point to fees over time). What are the key messages that are communicated to you? (probe: annuitize)
22. Which form do you find most useful? Why? (probe: date - 1, SEC language - 1, required signature - 2, fees over time, fee presentation right/left side, pay each year/sell)
23. Did you learn anything about variable annuities as a result of reviewing these forms?

Wrap-up (5 minutes)

24. Finally, do you have any suggestions for SEC as they move forward in developing forms to better inform investors like you?

Thank you for your time and opinions.

**SEC
Disclosure Forms
Discussion Guide – Dallas
Gelb Consulting Group, Inc.**

Thank you for joining us today. My name is John McKeever, and I work for Gelb Consulting Group, an independent market research firm. Today we are going to talk about how you use different information sources to manage your investments. We're conducting this work for the Securities and Exchange Commission.

The primary mission of the SEC is to protect investors and maintain the integrity of the securities markets. They are trying to develop some forms to help investors make more informed investment decisions.

During the interview, we will spend some time reviewing information you might use before you purchase a mutual fund or variable annuity.

Keep in mind that there are no right or wrong answers; we are just interested in the opinions of investors like you.

Your name will not be used in any way and your comments will remain anonymous. This session is being video taped so I can refer to it for analysis. Do you have any questions before we begin?

Introduction (5 minutes)

1. To get started...when researching investments, what resources do you typically use (probe: financial services professional, websites, newspapers)?
2. What information do you typically look for?

Mutual Fund Forms (20 Minutes)

I'd like to you to think about making a mutual fund purchase with your broker.

3. How familiar are you with mutual funds? What is your understanding of how they work?

Comprehensive Mutual Fund Point of Sale (Form No. 3)

4. Please take a moment to review the information on this form. What is your overall impression of the form? (probe: fill in the blank boxes (for commission only), required signature, SEC language)
5. What specific information from the form would you use to evaluate the investment? (probe: difference between sales fee% and commission%, difference between fees, fees over time: does investor notice that the commission and maintenance fee are not included))

6. Based on the information in the form, what are the implications of selling this fund? (probe: redemption fee, broker-dealer, fund)
7. How could this form be improved to make it more useful? (probe: fees over time inclusive of all fees on the form)

Now, let's take a look at a form for another mutual fund.

Note: rotate Form No. 4 and Form No. 5 in this section

8. For each section, please tell me what key messages are communicated to you? (probe: conflicts of interest, examples of fees over time, redemption fee (Form 5 only-top section))
9. What information from the form would you use to evaluate the investment?
10. Now, assume that you have \$1,000 (Form 4)/\$10,000 (Form 5) to invest in this fund. What types of fees would you expect to pay if you held the fund for five years and then sold it?
11. Under the same scenario, what amount of fees would you expect to pay? How confident are you in this answer? (probe: annual fee, growth assumptions)
12. How could this form be improved to make it more useful?

Now I'd like to show you another version of the form for another mutual fund.

13. Which of these versions do you find more useful? (example based on 1,000 (Form 4) vs. 10,1000 (Form 5), also formatting)
14. Which of these forms do you find more useful? Why? (probe: 3 conflicts of interest/find out more sections on Forms 3, 4 and 5)

Variable Annuity POS (30 minutes)

I'd like you to think about making a variable annuity purchase with your broker.

15. How familiar are you with variable annuities? What is your understanding of how they work?

Note: rotate Form No. 1 and Form No. 2 in this section

16. What is your overall impression of this form? For each section, please tell me what key messages are communicated to you? (probe: investment fees, insurance charges)
17. What information from the form would you use to evaluate the investment?
18. How could this form be improved to make it more useful?

Now, I'd like to show you another version of the form for the same type of variable annuity.

19. Which form do you find most useful? Why? (show Addendum for fees over time, point to fees you pay each year vs. pay as you own)

20. Did you learn anything about variable annuities as a result of reviewing these forms?

Wrap-up (5 minutes)

21. We've discussed delivering these forms in person with your broker. What is the most useful way for you to receive the information – website, email, over the phone or in person)? Why?

22. Finally, do you have any suggestions for SEC as they move forward in developing forms to better inform investors like you?

Thank you for your time and opinions.

**SEC
Disclosure Forms
Discussion Guide – Philadelphia
Gelb Consulting Group, Inc.**

Thank you for joining us today. My name is John McKeever, and I work for Gelb Consulting Group, an independent market research firm. Today we are going to talk about how you use different information sources to manage your investments. We're conducting this work for the Securities and Exchange Commission.

The primary mission of the SEC is to protect investors and maintain the integrity of the securities markets. They are trying to develop some forms to help investors make more informed investment decisions.

During the interview, we will spend some time reviewing information you might use before you purchase a mutual fund or variable annuity.

Keep in mind that there are no right or wrong answers; we are just interested in the opinions of investors like you.

Your name will not be used in any way and your comments will remain anonymous. This session is being video taped so I can refer to it for analysis. Do you have any questions before we begin?

Introduction (5 minutes)

1. To get started...when researching investments, what resources do you typically use (probe: financial services professional, websites, newspapers)?
2. What information do you typically look for?

Mutual Fund Forms (20 Minutes)

3. How familiar are you with mutual funds? What is your understanding of how they work?

I'd like to you to think about making a mutual fund purchase with your broker. Imagine I'm your broker and I'm presenting you with this form to review in my office.

Show Form 6 (Comprehensive)

4. Please take a moment to review the information on this form. What is your overall impression of the form?
5. What specific information from the form would you use to evaluate the investment? (probe: investment value – \$9,850 in the annual and you pay if you sell fee sections, examples of fee over time section, commission amount, language clarifying that broker-imposed fees are excluded)

6. Based on the information in the form, what do you view as the implications of selling this fund? (probe: redemption fee, broker-dealer, fund)
7. How could this form be improved to make it more useful?

Now, let's take a look at a form for another mutual fund. Imagine I'm your broker and I'm presenting you with this form to review in my office.

Show Form 1 (Mutual Fund Class A)

Please take a moment to review the information on this form.

8. Please take a moment to review the information on this form. For each section, please tell me what key messages are communicated to you?
9. What information from the form would you use to evaluate the investment? (probe: conflicts of interest, sales charges vary)
10. How could this form be improved to make it more useful?

Now I'd like to show you some other versions of the form for the mutual fund.

11. Which of these do you find more useful? Why do you say that?

Volume discount – (compare 1 – buy to 2 - upper right/buy)

Fill in blank (compare 5 to 1)

Ranges (compare 5 to 1)

Itemized annual fee presentation (compare 1 to 3)

Clarifying language about where fees go (compare 1 to 2 – when you buy/each year)

Fees over time (compare 5, 4, and 6)

Conflicts of interest/find out more sections (compare 3 to 5)

Understanding of “no” in COI (5)

Headline with company names (compare 1 to 2)

Variable Annuity POS (30 minutes)

12. How familiar are you with variable annuities? What is your understanding of how they work?

I'd like you to think about making a variable annuity purchase with your broker.

Show Form 7 (Variable Annuity)

13. Please take a moment to review the information on this form. What is your overall impression of this form? For each section, please tell me what key messages are communicated to you? (probe: investment fees, insurance charges)
14. What information from the form would you use to evaluate the investment?
15. How could this form be improved to make it more useful?

Now, I'd like to show you another version of the form for the same type of variable annuity. (**Show Form 8**)

16. Overall, which form do you find most useful? Why? (Probe: Fees over time (compare 7, 8 and 9))

Wrap-up (5 minutes)

17. We've discussed delivering these forms in person with your broker. What is the most useful way for you to receive the information – website, email, over the phone or in person)? Why?

18. Finally, do you have any suggestions for SEC as they move forward in developing forms to better inform investors like you?

Thank you for your time and opinions.

**SEC
Disclosure Forms
Discussion Guide – Phoenix
Gelb Consulting Group, Inc.**

Thank you for joining us today. My name is John McKeever, and I work for Gelb Consulting Group, an independent market research firm. Today we are going to talk about how you use different information sources to manage your investments. We're conducting this work for the Securities and Exchange Commission.

The primary mission of the SEC is to protect investors and maintain the integrity of the securities markets. They are trying to develop some forms to help investors make more informed investment decisions.

During the interview, we will spend some time reviewing information you might use before you purchase a mutual fund or variable annuity.

Keep in mind that there are no right or wrong answers; we are just interested in the opinions of investors like you.

Your name will not be used in any way and your comments will remain anonymous. This session is being video taped so I can refer to it for analysis. Do you have any questions before we begin?

Introduction (5 minutes)

1. To get started...when researching investments, what resources do you typically use (probe: financial services professional, websites, newspapers)?
2. What information do you typically look for?

Mutual Fund Forms (30 Minutes)

3. How familiar are you with mutual funds? What is your understanding of how they work?

I'd like to you to think about making a mutual fund purchase with your broker. Imagine I'm your broker and I'm presenting you with this form to review in my office.

Rotate Form 1 (with 5) and Form 2 (with 4) (Mutual Fund Class A)

Please take a moment to review the information on the form.

4. First, what is your overall impression of the form?
5. What key messages does this form communicate to you?
6. What information from *this form* would you use to evaluate this investment? (probe: what questions would you ask of your broker – such as personalized information or fill in)

7. Now, assume that you've invested \$10,000 in this mutual fund. What *types of fees* would you expect to pay if you held this investment for five years and then sold it?
8. What *amount in fees* would you expect to pay under these circumstances? Where did you find this information on the form? (ask them to point to form)
9. Does the amount represent the *actual fees* you would pay? (probe: assumptions)
10. How confident are you in these answers? Was this form useful to you in answering these questions?

Rotate Form 4 (with 2) and Form 5 (with 1) (Mutual Fund Comprehensive)

Now I'd like to show you a form for another mutual fund. Please take a moment to review the information on the form.

11. First, what is your overall impression of the form?
12. What key messages does this form communicate to you?
13. What information *from this form* would you use to evaluate this investment? (probe: what questions would you ask of your broker, fill-in-the blank/personalized information)
14. Now, assume that you've invested \$10,000 in this mutual fund. What *types of fees* would you expect to pay if you held this investment for five years and then sold it?
15. What *amount in fees* would you expect to pay under these circumstances? Where did you find this information on the form? (ask them to point to form)
16. Does the amount represent the *actual fees* you would pay? (probe: assumptions)
17. How confident are you in these answers? Was this form helpful to you in answering these questions?

Show other form (4 or 5)

18. Take a look at this section (point to fees over time). Between these forms, which do you find more useful? Why (probe: inclusiveness of fee over time disclosure)?
19. Given your review of these forms, to whom are your fees distributed?

Variable Annuity POS (25 minutes)

20. How familiar are you with variable annuities? What is your understanding of how they work?

Now I'd like you to think about making a variable annuity purchase with your broker.

Rotate Form 3 and Form 6 (Variable Annuity)

Please take a moment to review the information on this form.

21. What is your overall impression of this form?
22. What key messages are communicated to you?
23. How familiar are you with the types of fees on the form (probe: contract fees, investment fees, surrender charge)? What do these terms mean to you? Do the details on the form regarding these fees help you understand them better? Why or why not?
24. What information from *the form* would you use to evaluate the investment? (Probe: "no" answer to second conflicts of interest question) (ask them to compare #3 and #6)
25. Now, assume that you've invested \$10,000 in this variable annuity. What *types of fees* would you expect to pay if you held this investment for five years and then sold it?
26. What *amount in fees* would you expect to pay under these circumstances? Where did you find this information on the form? (ask them to point to form)
27. Does the amount represent the *actual* fees you would pay? (probe: maximum fees and expenses assumption; other assumptions)
28. How confident are you in this answer? Was this form useful in helping you to answer these questions?
29. How could this form be improved to make it more useful?

Wrap-up (5 minutes)

30. We've discussed delivering these forms in person with your broker. What is the most useful way for you to receive the information – (read list: website, email, over the phone or in person)? Why?
31. Finally, do you have any suggestions for SEC as they move forward in developing forms to better inform investors like you?

Thank you for your time and opinions.

Appendix D
Respondent Recruitment Screener

Gelb Consulting Group
Recruitment Screener

Hello, my name is _____ with (facility name), an independent research firm. We are holding several interviews in the (location) area to talk with members about improving the information you receive from financial institutions.

I am calling today to invite you to participate in one of the interviews on (date). Your name will not be used in any way and there are no sales involved with the research. Also, your personal account balances will not be discussed or revealed during the discussion.

We are offering a \$(incentive) incentive for participation in this interview. Each interview will last about 60 minutes.

Would you be interested in participating and sharing your ideas with us?

Yes q **Continue** No q **Thank and terminate**

1. Have you participated in a focus group discussion or research project with any research firm within the past 6 months?

- q Yes **Thank and terminate**
- q No
- q Don't know/ Don't remember **Thank and terminate**

Note: For Baltimore, we need to ensure we do NOT speak to ANY respondent from the prior study.

2. Do you, or does anyone in your household work for a marketing research firm, financial services firm, or securities regulator?

- q Yes **Thank and terminate**
- q No
- q Don't know/ Don't remember **Thank and terminate**

3. Who in your household is primarily responsible for making decisions regarding purchases of investments, such as stocks, bonds, retirement accounts, college savings plans or mutual funds? (**DO NOT READ LIST**)

- q Self **Continue**
- q Self and other jointly **Continue**
- q Other **Ask to speak with that person, if not available, thank and terminate**

4. Please tell me which describes the highest level of education you have attained:

- q Some high school **Thank and terminate by telling them the group is already full**
- q High school
- q Undergraduate degree
- q Graduate degree **Thank and terminate by telling them the group is already full**

5. Which of the following statements best describes your experience with making investments in things like stocks, bonds, retirement accounts, college savings plans or mutual funds?

q	A	I have made investments like this through a broker over the phone
q	B	I have made investments like this through a broker in person
q	C	I have made investments in stocks or bonds through a broker online
q	D	I have made investments in mutual funds or 529 plans through a broker online
q	E	I have made investments like this directly (not through a broker)
q	F	I have never made investments like this Thank and terminate
q		Don't know/ Don't remember Thank and terminate

Note: If respondents are only in C or only in E or only in C & E, then thank and terminate.

Note: Do not recruit more than 1/3 of participants in category C.

6. Which of the following have you purchased from your broker or financial representative in the past two years?

q	A	Individual stocks
q	B	Mutual Fund
q	C	Section 529 Plan where the underlying investment is a mutual fund
q	D	Variable Annuity
q	E	No-load Mutual Fund
q		Don't know/ Don't remember Thank and terminate

Note: If respondents are in only A or only E or in only A&E, then thank and terminate.

Note: Use best efforts to recruit D - variable annuity respondents

7. What percentage of your investments are made in no-load mutual funds: _____%

If over 50%, then **Thank and Terminate**

If under 50%, then continue

Don't know/ Don't remember, then continue

8. How would you describe your criteria for deciding which stocks, bonds or mutual funds to invest in? **Test for articulateness**

9. What is the total of all assets you have invested in stocks, bonds or mutual funds -- outside of your employer's retirement plan, but including any investments you have in an IRA? I will read several ranges to you. Please tell me which range includes your assets (this information will be kept confidential):

- q Less than \$2,000 **Thank and terminate**
- q \$2,000 - \$24,000
- q \$25,000 - \$99,000
- q \$100,000 - \$499,000
- q \$500, 000 or more **Thank and terminate**
- q Don't know **Thank and terminate**

10. I will read several age ranges to you. Please tell me which range includes your age:

- q Under 25
- q 25 - 39
- q 40 - 54
- q 55 and Over

Thank you for agreeing to take part in this interview. I'm sure you will find it interesting. The discussion group will last about 60 minutes, and you will receive \$([incentive](#)) in appreciation of your time and for your travel costs. This will be informal and held at a professional office building in the ([location](#)) area.

Thanks again for agreeing to be a part of these discussion groups. They will be held at the office of ([facility](#)).

I would like to send you a confirmation letter with a map and directions to ([facility](#)). May I please get your full name and address?

Name: Mr/ Ms _____

Phone: (____) _____ H/W

Address: _____ City _____ Zip _____

Appendix E
Release and Confidentiality Form

Release and confidentiality form

I, _____, hereby declare and agree to the following:

1) That I shall not disclose, make known, divulge, disseminate, or communicate such confidential and proprietary information or any part thereof to any person, firm, corporation, company or entity that I shall receive at any time from Gelb Consulting Group during the course of this interview, with exceptions noted below:

That this agreement is not valid or meant to cover information received during this study that is not proprietary or confidential, specifically information that:

- 1) Is in public domain at any time
- 2) Is known to you independently
- 3) Becomes known to you from sources other than this study

2) I hereby authorize Gelb Consulting Group to videotape this interview. I understand that this video will not be used to personally identify me now or at some future date nor will it be used for any marketing or promotional activities.

Date:

Name:

Signature