Due to the complex nature of variable annuities, Comerica Securities Inc. would like to ensure that you are provided with information about their general terms, conditions, and features. This Guide provides general information on variable annuities including surrender periods and surrender charges, potential tax penalties and other tax considerations, fees and expenses including advisory fees, charges for riders, insurance and investment components, and market risk. The information contained in this guide is intended to be a general discussion of variable annuities; before purchasing a variable annuity contract, you should carefully review the variable annuity prospectus for specific information about the risks, fees, expenses, and investment strategies associated with the variable annuity that you have selected. You should ask your Financial Consultant as many questions as you wish so that you understand your investment. Please contact your Comerica Securities Financial Consultant, or the Comerica Securities Client Services group at 1-800-232-6983, if you have any questions regarding your variable annuity.

What is a Variable Annuity?

A variable annuity is a contract between you and an insurance company. It is a combination of an insurance and investment product in which an insurance company agrees to make periodic payments to a contract owner, or the beneficiaries of the contract, starting immediately or at a future date. A variable annuity is purchased through either a single purchase payment or a series of purchase payments over time. Variable annuities typically consist of various elements including variable accounts, fixed accounts, death benefits, and more recently, living benefits. Each of these elements and features contributes to the selection of a variable annuity as an appropriate investment for you to meet your investment objectives, and you should carefully consider all of the options available (as well as their costs).

A variable annuity offers a range of investment options. The value of your annuity contract, and therefore the value of the contract to you, will vary depending on the performance of the investment options you choose. The investment options for a variable annuity are typically referred to as sub-accounts. These sub-accounts may appear similar to mutual funds that you could invest in outside of the variable annuity, but they are not the same mutual funds. The sub-accounts each have an investment objective and generally invest in stocks, bonds, money market instruments, or some combination of the three. Because these sub-accounts will fluctuate in value, your annuity will also fluctuate in value and may be worth more or less that the principal amount invested at the time of withdrawal. This investment component is discussed further below.

Insurance and Investment Components

Although variable annuity assets are typically invested in sub-accounts that may appear to be the same as mutual funds with similar names, they are not mutual funds and should not be treated as such. Variable annuities differ from mutual fund investments in that:

Variable annuities have an insurance component that lets you receive periodic payments for the rest of your life (or the life of your spouse or any other person you designate). This feature offers protection against the possibility that, after you retire, you will outlive your assets. The payments are guaranteed by the claims paying ability of the issuing company, not by Comerica Securities or Comerica Bank. While it is an uncommon occurrence that the insurance companies that back these guarantees are unable to meet their obligations, it can happen. There are several credit rating agencies that rate a company's financial strength. Information about these agencies can be found on the Securities and Exchange Commission's website. There is of course a cost for the insurance component, which is discussed in the section entitled "Fees and Expenses."

Variable annuities have a death benefit. If you die before the insurer has started making payments to you, your beneficiary is guaranteed to receive an amount, the calculation method of which is agreed upon by you at the time that you purchase your contract. Your beneficiary may get a benefit from this feature if, at the time of your death, your account value is less than the guaranteed amount. Different insurance companies typically provide several different death benefit options that should be considered. Additional information about these features and the specific charges associated with them may be obtained from your Financial Consultant.

"Free Look"

Variable annuity contracts typically have a "free look" period of ten or more days from the time that the contract is delivered. During the "free look" period, you can terminate the contract without paying any surrender charges and get back your purchase payments (which may be adjusted to reflect charges and the performance of your investment). You can continue to ask questions in this period to make sure you understand your variable annuity before the "free look" period ends. The "free look" period for the particular annuity you select will be outlined in the annuity prospectus.

Potential Tax Penalties and Other Tax Considerations

Variable annuities are tax-deferred, which means you pay no taxes on the income and potential gains from your annuity until you make withdrawals. You may transfer (or exchange) your invested dollars from one investment option to another within the variable annuity without paying taxes at the time of the transfer.

When you take your money out of a variable annuity, however, you will be taxed on the earnings at ordinary income tax rates rather than potentially lower capital gains rates. While the owner can elect the distribution terms (within the terms of the contract and other guidelines such as IRA minimum required distributions) you should be aware that withdrawals from a tax-deferred annuity prior to the age of 59 ½ may result in IRS imposed tax penalties.

Because there are fees and expenses associated with investing in variable annuities that are not applied to other forms of investing (including mutual fund investing), you should be sure to weigh the benefits of tax deferral on the growth of your investment versus the costs of a variable annuity. In general, the benefits of tax deferral will outweigh the costs of a variable annuity only if you hold it as a long-term investment. This will depend, of course, on your specific tax situation.

You should carefully consider whether or not to invest in a variable annuity with already tax-deferred or tax-advantaged assets, such as Individual Retirement Account (IRA) monies. Since IRAs are already tax-advantaged, a variable annuity will provide no additional tax savings. It will, however, increase the expense of the IRA. Also, if the annuity is within a traditional (rather than a Roth) IRA, the government requires that you start withdrawing income no later than the April 1 that follows your 70½ birthday, regardless of any surrender charges the annuity might impose. Although some annuity companies may have waivers for these required distributions, this is not always the case. You can obtain this information from the prospectus.

There may be advantages to you in investing already tax-advantaged monies into a tax-deferred variable annuity, such as death benefits, guaranteed income riders, and other investment alternatives. Each investor's situation is unique and therefore you should carefully consider whether these potential advantages are worth the extra cost.

Market Risk

The investment feature of a variable annuity typically enables the contract owner to invest in a variety of sub-account investments with fluctuating values based on their underlying investments. The value of the contract will increase or decrease depending on the performance of the sub-accounts in which the contract owner's account value is allocated. There is no guarantee that the value of the variable annuity will increase, and there is the risk of loss of principal.

Many annuity companies also offer asset allocation portfolios that rebalance on a periodic basis in order to ensure the assets remain consistent with the indicated investment mix. Investments may also be switched between fixed and variable sub-accounts, although there may be limitations or restrictions on the frequency or amount of such switches depending on the terms of the annuity contract. The re-balancing feature or program may have an additional expense and may limit the terms of withdrawal or the ability for the account owner to self-direct the underlying portfolio.

Contract owners who are wary of investing at a market peak can take advantage of dollar cost averaging programs, which are offered under many variable annuity contracts. If an investment is made at one specific point in time, it is possible that a single purchase price could be locked in when asset values of the stock fund are relatively high. With dollar cost averaging, the initial investment amount is systematically transferred from a variable annuity's fixed account option or money market investment option to a variable fund over a specified period of time, with the goal of investing at lower as well as higher prices. Dollar cost averaging can be an effective strategy, but it does not ensure a profit or protect against a loss, and you should inquire if there is an additional expense associated with this feature.

Your most important source of information about a variable annuity's investment options is the prospectus. Request the prospectuses for the sub-account investment options. Read them carefully before you allocate your purchase payments among the investment options offered. You should consider a variety of factors with respect to each option, including the investment objectives and policies, management fees and other expenses that the fund charges, the risks and volatility, and whether the sub-account contributes to the diversification of your overall investment portfolio (not just within the variable annuity).

As its name implies, a variable annuity's rate of return is not stable, but varies with the stock, bond, and money market sub accounts that you choose as investment options. There is no guarantee that you will earn any return on your investment and there is a risk that you will lose money. Because of this risk, variable annuities are securities registered with the Securities and Exchange Commission (SEC). The SEC and FINRA also regulate sales of variable insurance products.

Optional Features and Riders

Living benefits are usually available as extra options within a variable annuity contract. These options may help assure that benefits will be available regardless of the performance of the sub-accounts. Common examples of these types of benefits are discussed in general terms below; note that there are a wide variety of benefits available, and you should carefully analyze which, if any, are right for you. You should carefully review the prospectus for the variable annuity you are selecting to ensure that you understand how any benefit specific to that annuity works, how the benefits effect the ability of the annuity to meet your needs, and how much the benefit costs, in order to determine if it is appropriate for your long-term investment objective.

A guaranteed minimum income benefit is an optional feature, available for a fee, which ensures if a variable annuity is purchased during one of the financial market peaks and ends up requiring retirement payments during one of the market's troughs, the contract owner will still receive a predictable minimum level of retirement payments after a certain agreed-upon date. Should the underlying investments perform well, then the payments may be higher than this guaranteed amount. To initiate this guaranteed minimum income benefit, the contract may need to be annuitized (which will typically limit the liquidity and other options available to you.)

A guaranteed minimum accumulation benefit is another optional feature, available for a fee, that protects contributions against market volatility. Typically, a portion of the original contribution is invested in a fixed interest account that is guaranteed to grow to the size of the principal after a specified period of time, while the remainder is invested in variable investment portfolios.

A guaranteed minimum withdrawal benefit, which is available for a fee, ensures that regardless of market performance, the contract owner will be able to receive at least the entire amount of the total principal invested through a series of annual withdrawals provided that the contract owner does not withdraw more than a specified percentage of the total investment in any given year. Note that while guaranteed withdrawal riders may provide return of principal protection, the return of principal protection is typically provided over time (generally 20 years) and not a lump-sum.

Fees and Expenses

There are several charges that may be incurred when investing in a variable annuity. These charges may reduce the value of the account and the investment return. Often, they will include the following:

A *mortality and expense risk charge* which is equal to a certain percentage of your account value, typically in the range of 1.25% annually. This charge compensates the insurance company for insurance risks it assumes under the annuity contract.

The insurer may deduct *administrative fees* to cover record-keeping and other administrative expenses. This may be charged as a flat account maintenance fee, perhaps $25 or $30 per year, or as a percentage of the account value, typically in the range of 0.15% annually.

You will also indirectly incur *fees and expenses imposed by the sub-accounts* that are the underlying investment options for your variable annuity. These fees may be more or less than the fees and expenses assessed by similar investments that are not held within a variable annuity.

Special features offered by some variable annuities, such as a stepped-up death benefit, a guaranteed minimum income benefit, or long-term care insurance, carry *additional fees and charges*.

Other charges, such as *fees for transferring* part of your account from one investment option to another, *or initial sales loads* may also apply.

You should ask your Financial Consultant to explain all charges that may apply. You can also find a description of the charges in the prospectus for any variable annuity that you are considering, and you should review this information prior to making your purchase. Each of these fees will impact the dollar value of the variable annuity.

Surrender Periods and Surrender Charges

Variable annuities should be considered long-term investments and should be selected to meet long-term objectives, such as retirement income or estate planning. If you withdraw money from a variable annuity within a certain period after a purchase payment, typically within six to eight years, the insurance company usually will assess a surrender charge. Surrender charges vary based upon the investment product and you should be sure to inquire about and confirm the surrender period for your particular investment. Generally, the surrender charge is a percentage based on the amount withdrawn, and declines gradually over a period of several years, known as the surrender period. Often, contracts will allow you to withdraw part of your account value each year, typically 10% of your account value, without paying a surrender charge. Withdrawals (either early or outside of the surrender period) may negatively impact the benefits of any additional rider that you selected. Prior to choosing a rider, or making an unscheduled withdrawal from your annuity, you should ensure that you understand the impact that a lump-sum withdrawal may have. Because of these surrender charges (and tax penalty issues discussed below) a variable annuity is a long-term investment and is not an appropriate investment for short-term investment needs (such as liquidity).

Exchanging Annuities - 1035 exchanges – Replacement transactions

The U.S. tax code allows you to exchange an existing variable annuity contract for a new annuity contract without paying any tax on the income and investment gains in your current variable annuity account. These tax-free exchanges, known as 1035 exchanges or replacement transactions, can be useful if another annuity has features that you prefer, such as a larger death benefit, different annuity payout options, additional riders or other features, or a wider selection of investment choices.

You may, however, be required to pay surrender charges on the old annuity if you are still in the surrender charge period. In addition, a new surrender charge period generally begins when you exchange into the new annuity. This means that you may effectively be extending the amount of time that you will have to pay a surrender charge to have full access to withdraw funds. If your current annuity is out of the surrender period, you need to consider whether it is appropriate for you to “lock up” your invested dollars for another surrender period. Additionally, you should consider whether or not the new annuity has higher annual fees and charges than the old annuity, which will reduce your returns, relative to any additional features that you may be gaining.

Bonus Credits

Some insurance companies are now offering variable annuity contracts with "bonus credit" features. These contracts promise to add a bonus to your contract value based on a specified percentage (typically ranging from 1% to 5%) of purchase payments.

Frequently, variable annuity providers will charge you for bonus credits through any or all of the following: higher surrender charges, longer surrender periods and/or higher mortality and expense risk charges and other charges. The charges may seem small, but over time it can add up. In addition, some contracts may impose a separate fee specifically to pay for the bonus credit.

Before purchasing a variable annuity with a bonus credit, you should consider whether the bonus is worth more to you than any increased charges you will pay for the bonus. This may depend on a variety of factors, including the amount of the bonus credit and the increased charges, how long you hold your annuity contract, and the return on the underlying investments. You also need to consider the other features of the annuity to determine whether it is a good investment for you.

Buyout Offers

From time to time, insurance companies may offer buyout offers to their contract holders. Buyout offers may come in a variety of forms, including but not limited to: an increase to a contract value in exchange for giving up a benefit; or an increase a cash surrender value in exchange for surrendering the variable annuity.

Insurance companies typically make buyout offers because it is in their own best interest to do so. The insurance company does not make a buyout offer based on your best interest.

By accepting a buyout offer (and depending on its terms), you may be losing valuable benefits associated with current annuity (including accrued benefits that you have paid for over time via fees and expenses), you may incur higher fees, and you may incur a new surrender charge period.

You should ask your Financial Consultant to carefully analyze any buyout offer to ensure that you will truly benefit from the buyout; a superficial review is not sufficient. While the increased dollar amount from the buy-out may appear to be beneficial, replacing your current annuity may actually reduce the overall benefit of the investment. As with any replacement, while features may appear similar, or even better, it is important to consider the fees (including surrender charges and benefit fees), investment restrictions, and benefits and risks of the new variable annuity as compared to the current variable annuity. An analysis may include hypothetical comparisons of the two annuities: one wherein you remain with your current annuity and one wherein you accept the buyout payout and move into another annuity (or remain in the same annuity with a surrender of a benefit).

Note - surrendering a variable annuity for a lump sum payment or using the surrender proceeds to purchase another financial instrument to take advantage of a buyout offer may also result in tax liability. You may face a 10% federal income tax penalty if you withdraw your money before you are 59½ years old. This impact must be included in any analysis.

Death Benefits

Variable annuities are insurance products, and the insurance component of the variable annuity will typically provide a death benefit, which in some cases can be enhanced to provide additional value, or security from market fluctuation. There are fees and expenses associated with variable annuities, a portion of which serves to pay for the death benefit coverage. You should consider whether this feature is important to you in relation to other life insurance you may own.

Some variable annuities allow you to choose a “stepped-up" death benefit. Under this feature, your guaranteed minimum death benefit may be based on a greater amount than purchase payments minus withdrawals. For example, the guaranteed minimum might be your account value as of a specified date, which may be greater than purchase payments minus withdrawals if the underlying investment options have performed well. The purpose of a stepped-up death benefit is to "lock in" your investment performance and prevent a later decline in the value of your account from eroding the amount that you expect to leave to your heirs. As with most enhanced features available with variable annuities, these additional death benefit features generally carry additional ongoing charges, which will reduce your account value. You should carefully consider the value of the death benefit to your long-term investment objectives (as well as any other life insurance that you may own) to determine if this feature is a benefit to you, both as a standard part of the variable annuity or as enhanced features available for additional costs.

Annuity Share Class Considerations

The manner in which you pay for your investments is as important as the investment selection itself. As with other types of investments, there are a variety of ways that you might pay for your annuity purchase. Annuities are typically viewed as longer-term investments; if you think you may need to withdraw your premium payments within 3-4 years to meet your immediate expenses, a variable annuity may not be right for you. Investors who do not anticipate needing access to the dollars they invested in a variable annuity should consider purchasing a share class with the lowest-cost over the long-term time horizon. This will enhance the potential for increased returns versus the purchase of the more expensive share class annuities.

Most variable annuities are typically offered without an initial sales charge; however, the selection of a share class can greatly influence your cost of ownership. *You should ensure that you understand the cost/benefit trade off in paying higher ongoing fees*.

TYPICAL SHARE CLASS OPTIONS

L-Shares

L-shares charge higher ongoing fees in exchange for a shorter period of time before clients can withdraw their premium payments, or exchange their contracts, without paying a surrender charge. This may be inconsistent with long-term investing, which is the purpose of a variable annuity, especially where you have elected to purchase (at an extra cost, paid by you) certain income-protection, income enhancing, or death-benefit enhancing riders which typically are purchased to provide additional guarantees of benefits to investors. These benefits are lost when an annuity is surrendered. An L-Share annuity typically pays the Financial Consultant that sells it to you a higher commission. You would be paying more to own the L-Share version of what is otherwise the same annuity.

Comerica Securities, Inc. does not sell L-Share annuities.

B-Shares

The ongoing fees and expenses associated with a B-share annuity are generally lower than those charged for other share classes; this may be more beneficial for investors who intend to utilize the annuity investment to satisfy long-term investment goals. The features and benefits that you may purchase as enhancements to your B-Share annuity are typically exactly the same as those you can purchase with your L-Share annuity, however, because the MEA expenses associated with some other annuity share classes are much higher, you will be paying less to own the B-Share version of what is otherwise the same annuity.

C-Shares

C-share annuities offer full liquidity to investors without the initial sales charge or back-end surrender charges. C-shares typically have substantially higher mortality and expense charges and administrative charges as compared to other annuity share classes. The features and benefits that you may purchase as enhancements to your C-Share annuity are typically exactly the same as those you can purchase with your B-Share annuity, however, because the MEA expenses (mortality and expense plus administration fees and generally the commission paid to the Financial Consultant; a C-Share annuity typically pays the Financial Consultant that sells it to you a higher commission) associated with a C-Share annuity are much higher, you will be paying more to own the C-Share version of what is otherwise the same annuity.

How Compensation is Paid to Comerica Securities and Your Financial Consultant

Comerica Securities, Inc. (CS) and our Financial Consultants (FC) routinely receive compensation for the sale of variable annuities. Payments from variable annuity companies to CS (and subsequently to its FCs) may consist of one-time and/or ongoing selling fees, concessions, or fees for distribution. CS may receive ongoing payments from the variable annuity company, of which a percentage may be passed on to the FC; these are typically paid in consideration of the ongoing servicing and operational support provided. The percentage of commission that CS passes on to the FC from variable annuity companies do not favor one company over another.

Comerica Securities and our Financial Consultants may also receive additional cash and non-cash compensation for support in addition to the compensation arrangements described above. CS may seek or receive supplemental payments from our approved providers which are used for supporting general business expenses such as marketing seminars, training and educational conferences, and other marketing efforts or client education or entertainment that our Financial Consultants may participate in or provide. CS may seek or receive payments calculated as a percentage of the variable annuity company's gross sales through CS, a percentage of the total assets assigned to CS, fixed payments or a combination of these. The supplemental payments received for these activities vary by company and are subject to change at any time.

During 2020, Comerica Securities receives supplemental payments from the following investment product providers, including mutual fund, annuity (fixed and variable) and insurance providers.

- Delaware Investments
- Envestnet
- First Portfolios LP
- Forethought
- Great American
- Lincoln Financial
- Midwood Financial Services
- Nationwide
- Pacific Life
- PIMCOIMPCO

It is important to note that, while we may receive these supplemental payments from variable annuity companies to help pay the expenses, we incur in selling their products, CS does not require variable annuity companies to make such payments in order to be considered approved providers. Additionally, our Financial Consultants are not required to recommend any product that provides additional compensation, nor do they directly share in any of the marketing support fees CS receives.

Any questions you may have regarding the form of compensation your Financial Consultant receives should be discussed with that Financial Consultant.

Comerica Securities, Inc. Approved Providers

In order to serve you, CS has selected variable annuity providers that offering multiple contract types as our "approved providers." We believe that focusing our training and product support efforts on the approved providers allows our Financial Consultants to gain a more comprehensive understanding of the investment objectives and other features of these complex products which, in turn, enables them to better serve our customers. We also believe that our selection of approved providers offers investors a wide variety of feature and investment objective options, thereby enabling our customers to diversify and balance their portfolios, both at the time of their initial purchases and as their investment objectives and asset allocation needs change.

The following is a list of approved providers:

- Delaware Life
- Jackson National
- Lincoln National Life Insurance Company
- Nationwide Life Insurance Company
- Pacific Life Insurance Company
- Prudential

Conclusion

Investing in a variable annuity is an important decision. You should ensure that you have reviewed the information contained in this Guide, the prospectus for the specific product you are considering, information provided to you by your Financial Consultant and possibly your tax advisor, as well as other publicly available information prior to your purchase. The prospectus can be obtained from your Financial Consultant or calling the Comerica Securities Client Services group at 1-800-232-6983.

Additional information on variable annuity investing can be obtained on the Securities and Exchange Commission (www.SEC.gov) or the FINRA (www.FINRA.org) websites.

To check the background of Comerica Securities, or any of its investment professionals, you may access FINRA BrokerCheck at http://brokercheck.finra.org

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