Date: [Date]

Policyholder Name: [Policyholder Name]
Policy Number: [Existing Policy Number]
Company Name: [Current Insurance Company]

Subject: Surrender Charge Disclosure and Policy Replacement Acknowledgment

Dear [Policyholder Name],

This letter serves as a formal disclosure regarding your request to replace your existing life insurance or annuity policy with a new policy from [New Insurance Company Name]. Before proceeding, it is important that you understand the financial implications of this transaction.

1. Surrender Charge Disclosure
By terminating your current policy during its surrender charge period, you will incur a penalty.

- **Current Cash Value:** $[Amount]
- **Surrender Charge Amount:** $[Amount]
- **Net Cash Value to be Transferred/Paid:** $[Amount]

2. Comparison of Benefits
The replacement policy [New Policy Name] offers the following changes compared to your current policy:

- [Benefit 1: e.g., Lower premiums]
- [Benefit 2: e.g., Higher death benefit]
- [Benefit 3: e.g., New surrender charge period of X years]

3. Tax Consequences
The surrender or exchange of an existing policy may have tax implications. We recommend consulting with a tax professional to determine if any portion of the surrendered value is subject to income tax or penalties.

4. Acknowledgment
By signing below, you acknowledge that:

- You have been informed of the specific surrender charges associated with your current policy.
- You understand that a new surrender charge period may apply to your new policy.
- You believe the new policy better meets your current financial objectives.

Policyholder Signature: _____ **Date:** _____

Agent Signature: _____ **Date:** _____

Agent Name: [Agent Name]
License Number: [License Number]