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Financial Advisor

RETIREMENT SYMPOSIUM

Annuities and Their Alternatives

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RIAs Limited Access to Guarantees

Why No Penetration in the RIA Silo?

Wrong products

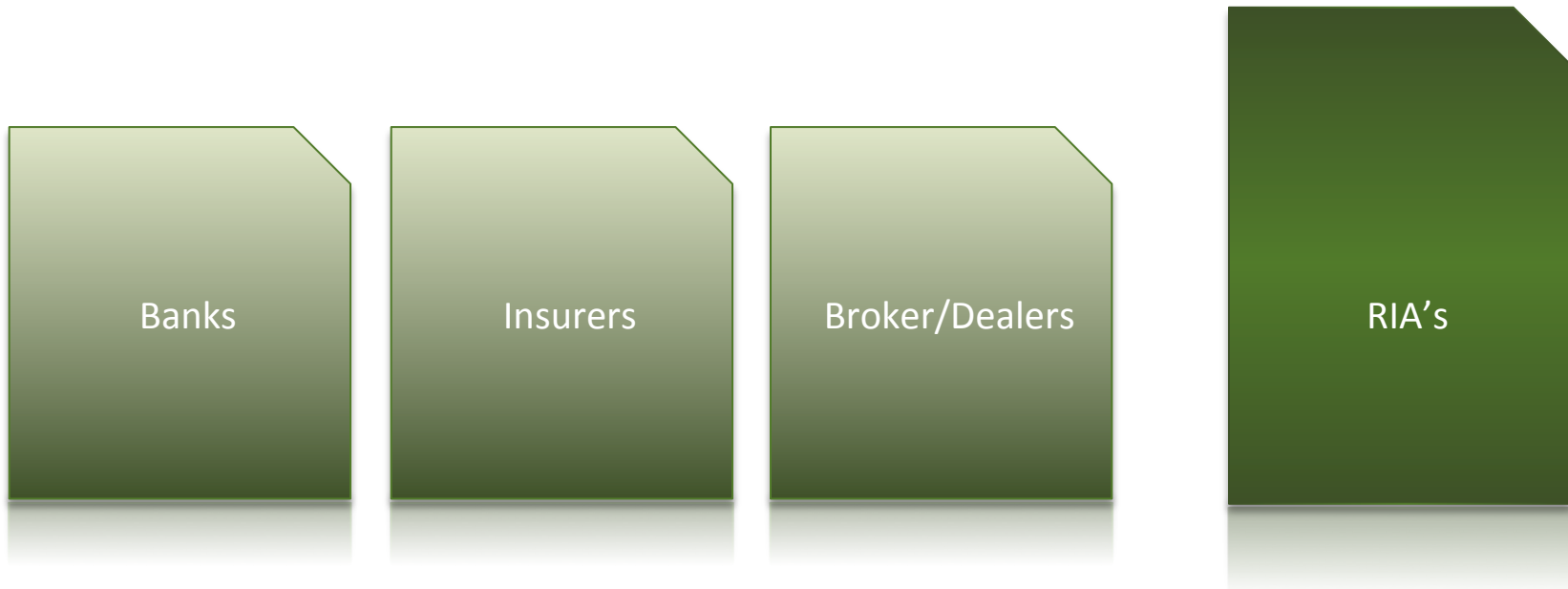
No connectivity

Lack of required licensed

What's Changing?

Market volatility creating large advisor/client demand

Recent product innovation



Dilemma for Fee-Based Advisors

Dilemma for Fee-Based Advisors

- Abandon business model, offer commission based VA solutions
- Abandon guarantees, mitigate risk through allocation

**Product
Innovation
Necessary for the
Fiduciary Model**

Product Comparison

	DEFERRED ANNUITY*	BONDS	IMMEDIATE ANNUITY**	MUTUAL FUND	SALB
GUARANTEED LIFETIME INCOME	YES	NO	YES	NO	YES ✓
ASSETS INVESTED IN CUSTODIAL ACCOUNT	NO	YES	NO	YES	YES ✓
EQUITY-BASED PORTFOLIOS	YES	NO	NO	YES	YES ✓
LIQUIDITY***	MAYBE	YES	MAYBE	YES	YES ✓
INFLATION PROTECTION	MAYBE	MAYBE	MAYBE	MAYBE	YES ✓
ADVISOR CONTROLS INVESTED ASSETS	YES	YES	NO	YES	YES ✓
NO COMMISSIONS	MAYBE	YES	MAYBE	YES	YES ✓

* Traditional tax deferred annuity

** Single premium fixed payout immediate annuity

*** No surrender charges

SALB Defined

Stand Alone Living Benefit – an annuity contract that provides consumers with the equivalent of a guaranteed lifetime withdrawal benefit on assets that are maintained outside of an insurance company separate account.

Assets instead are held in:

- Mutual Funds
- ETFs
- UMAs
- Wrap Programs

Also known as a

- Contingent Annuity
- Contingent Deferred Annuity
- CDA

Product Development Opportunity

Stand Alone Living Benefit provides new product development and distribution opportunities for:

- Insurers
- Custodians
- Mutual Fund Companies
- Turnkey Asset Management Programs
- Managed Account Providers

For fund companies and wealth management platforms, very little cost to entry:

- Insurance company provides the financial backing of the guarantee
- SALB platform can provide connectivity with insurer and custodian
- SALB platform can provide insurance licensed registered reps for transaction of the insurance guarantee

Stand Alone Living Benefits

A new way for RIAs to offer guarantees

1

Customize a managed portfolio of Mutual Funds and ETFs for each client

- Assets remain actively managed by the RIA in a custodial account

2

Work with an Open Architecture platform to add the SALB guarantee

- Locks in guaranteed lifetime income from the custodial account managed by the RIA

3

Maintain full control, flexibility, and liquidity of assets at all times

- No surrender charges
- On/Off anytime
- Assets maintain Fee-Only structure

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Annuities in Today's Interest Rate Environment

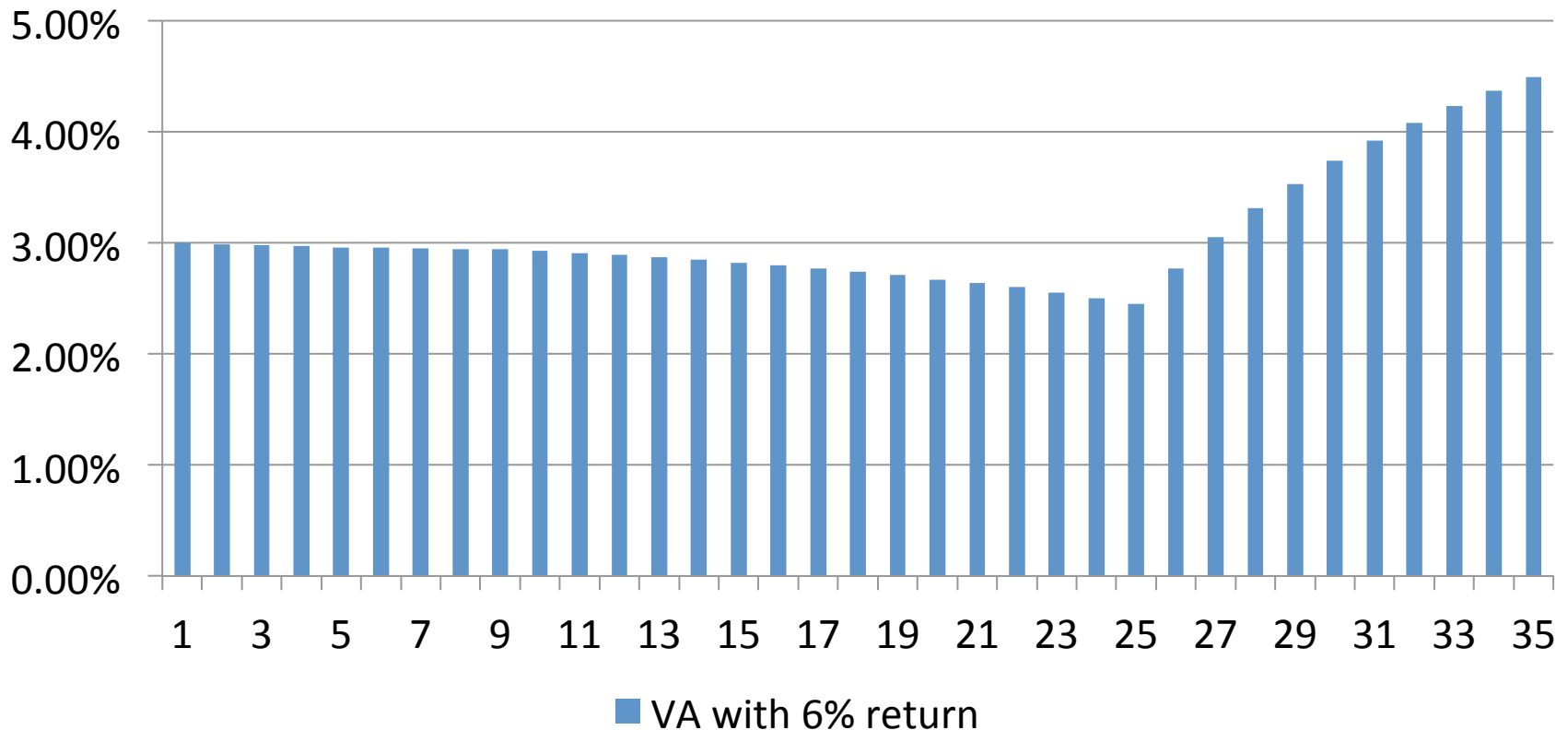
- What kind of return can a client expect?
 - On a variable annuity with a living benefit
 - In a steadily increasing market – no step ups
 - In a strong market, thereby creating step ups
 - On an indexed annuity with a living benefit
 - On an immediate annuity
 - On a deferred immediate annuity (longevity policy)

A Variable Annuity With a Living Benefit

- 60 year old male that begins to taking income at age 70
- Living Benefit design:
 - Income base grows at 6% simple interest in years no income is taken
 - Income base doubles on the 10th anniversary
 - Annual allowable income withdrawal is 5% at age 70
 - Total cost of the policy and sub-accounts is 2% per year
 - Cost of the living benefit rider is 1% per year on the income base
- We calculated the IRR that would be received assuming the client died on each policy anniversary

IRRs for VA Living Benefits

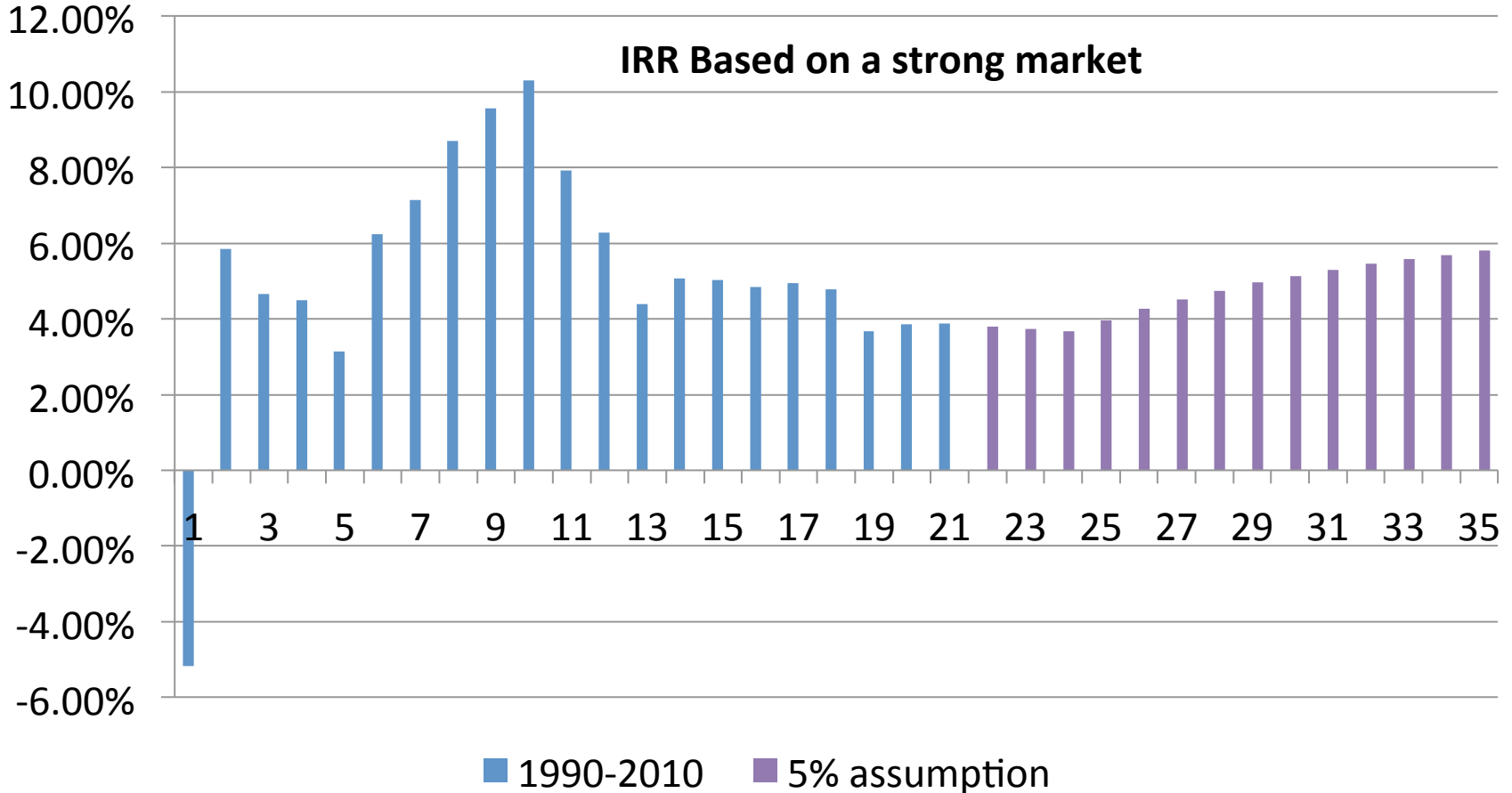
VA with 6% annual return before expenses



60 yr old that defers income for 10 years. Income base doubles after 10 years
5% lifetime withdrawals beginning at age 70 .

GMWB 1990 – 2010

(70% of S&P 500 return -then 5% per year)

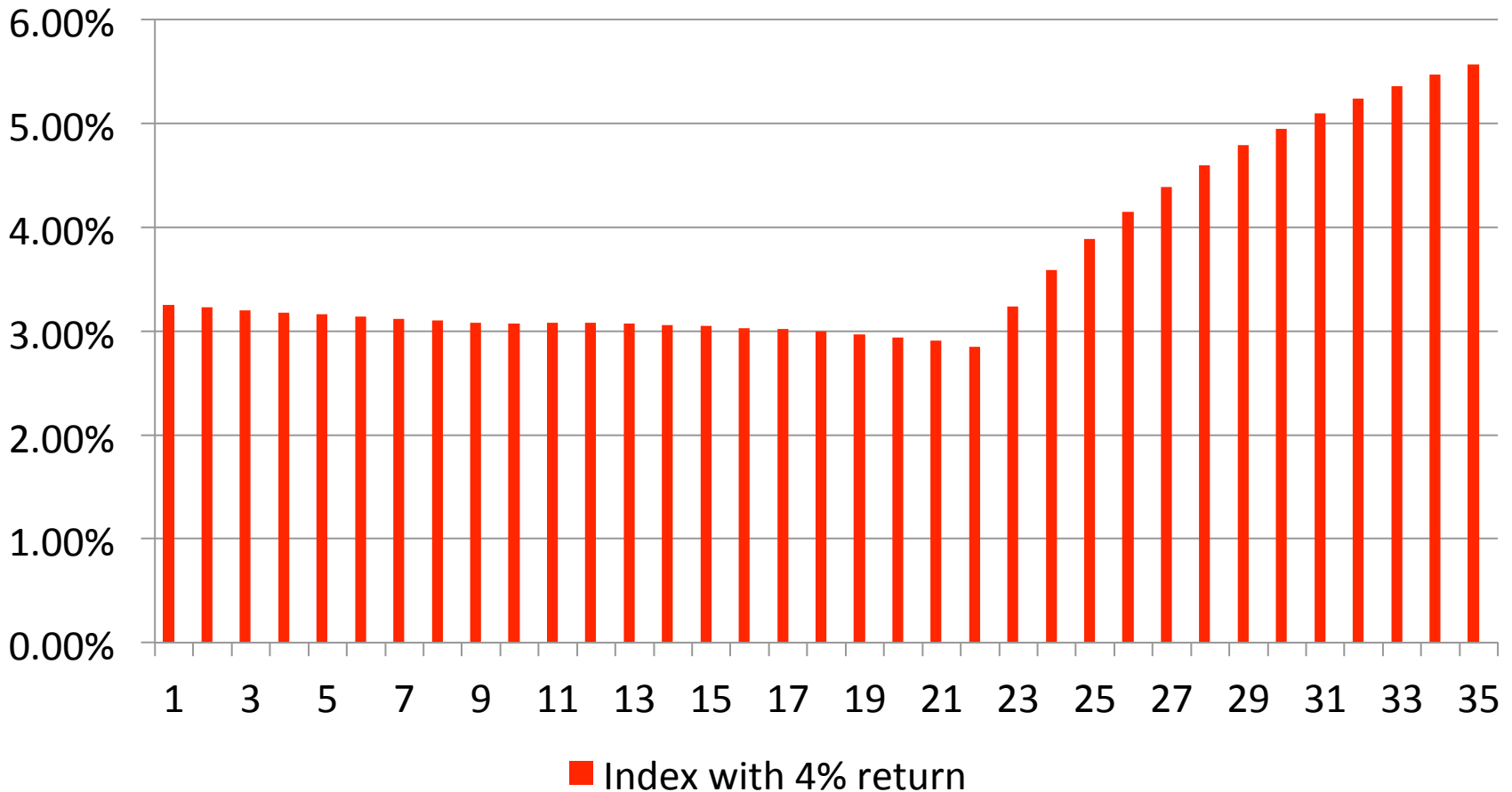


60 yr old that defers income for 10 years. Income base doubles after 10 years
5% withdrawals beginning at age 70.

An Indexed Annuity With a Living Benefit

- 60 year old male that begins to taking income at age 70
- Living Benefit design:
 - Income base grows at 10% simple interest in years no income is taken
 - Income base doubles on the 10th anniversary
 - Annual allowable income withdrawal is 6% at age 70
 - Index annuity account value earns 4% per year
 - Cost of the living benefit rider is 0.85% per year on the income base
- We calculated the IRR that would be received assuming the client died on each policy anniversary

IRRs for Indexed Annuity with a Living Benefits



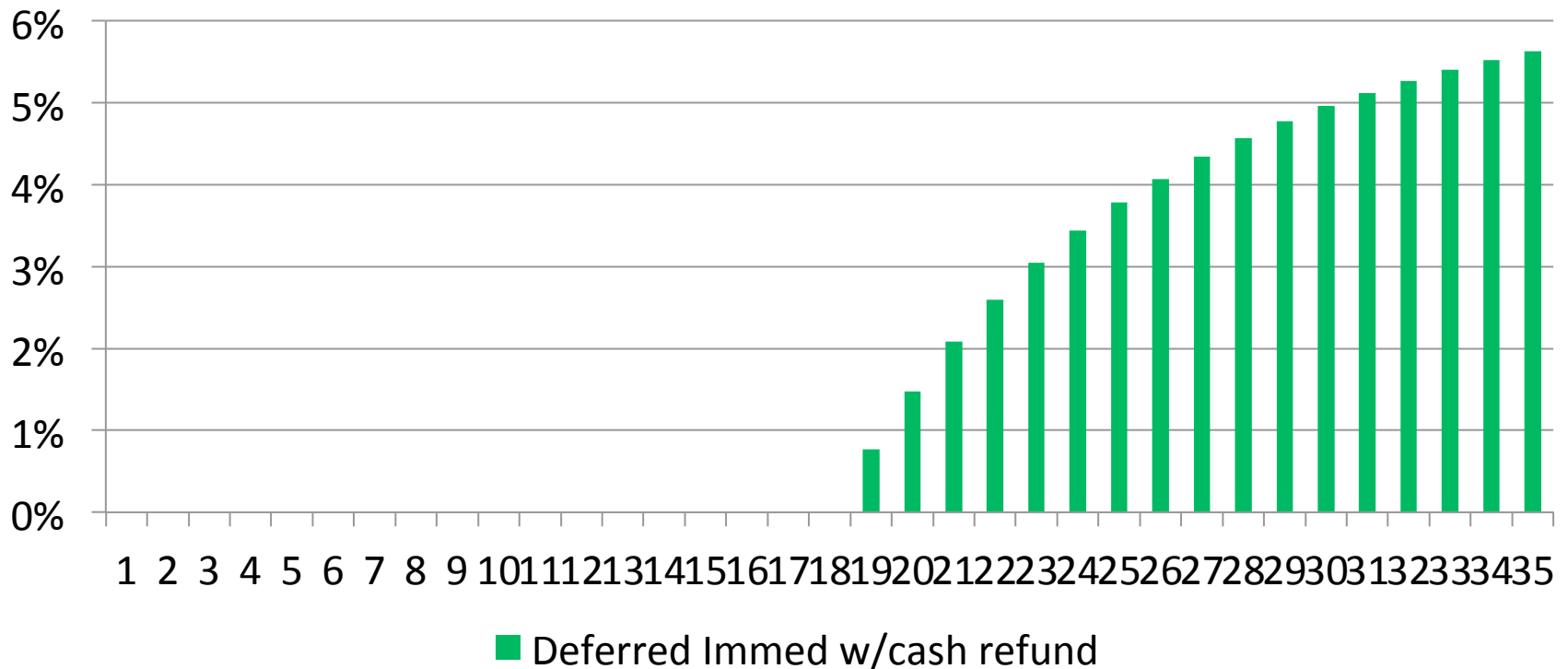
60 yr old that defers income for 10 years. 6% lifetime income at age 70.

A Deferred Immediate

- 60 year old male that begins to taking income at age 70
- The annuity comes with a cash refund option
- We calculated the IRR that would be received assuming the client died on each policy anniversary

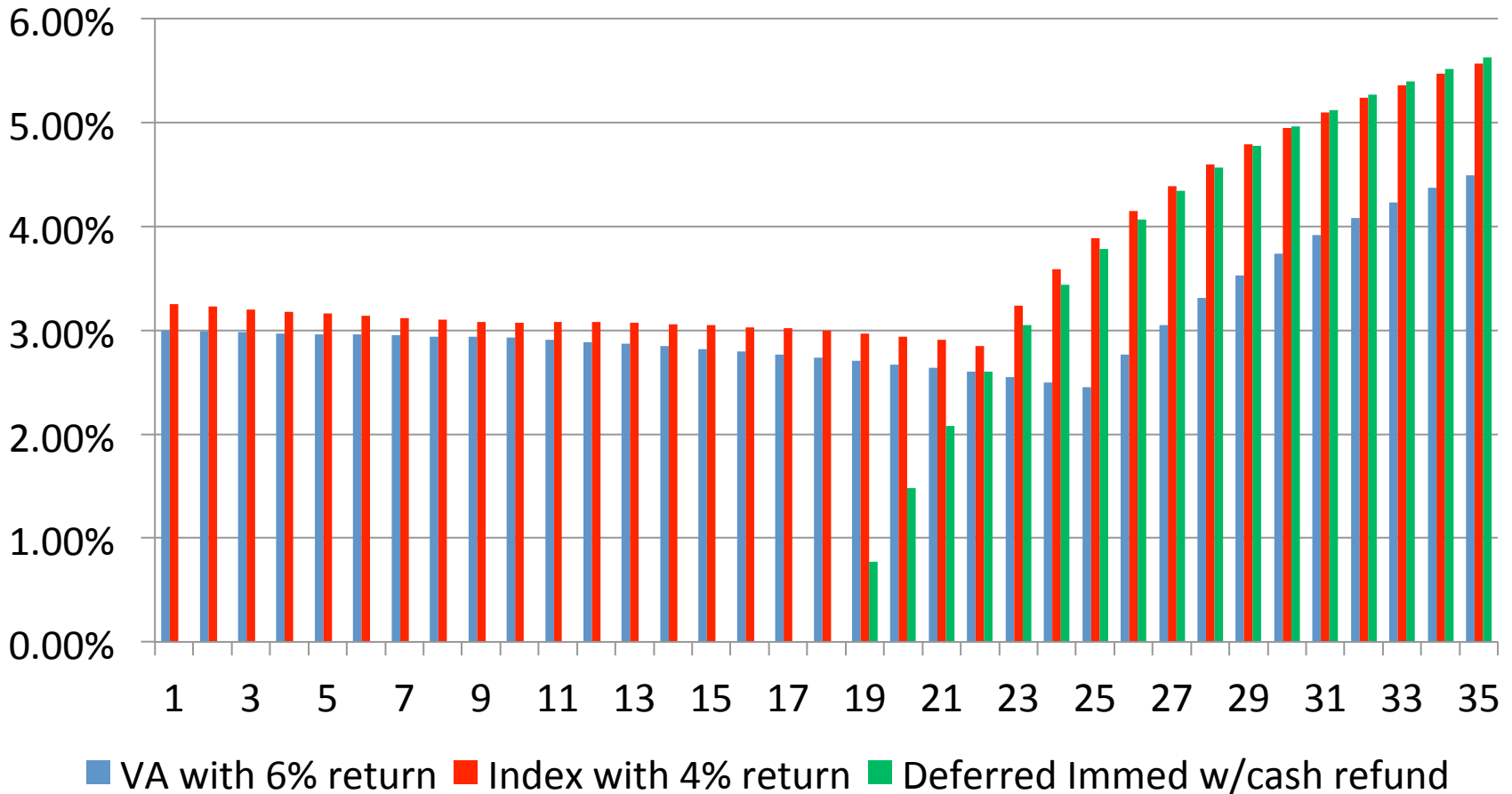
IRRs for Deferred Immediate Annuity with a Cash Refund

Client doesn't get total payments that exceed the initial investment until the 19th policy year (age 79)



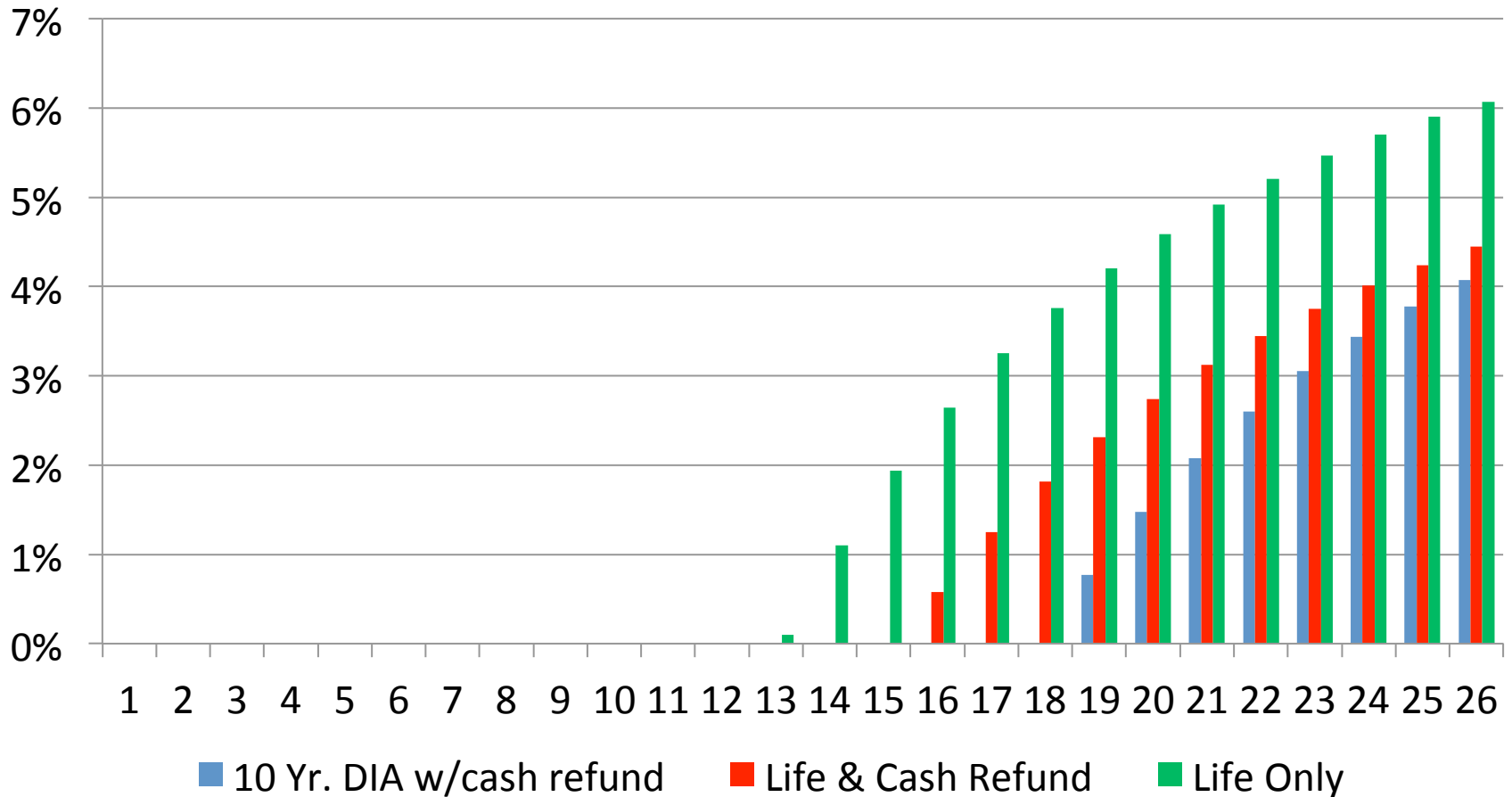
60 yr old that defers income for 10 years.

IRRs for VA and Indexed Living Benefits



60 yr old that defers income for 10 years. Income base doubles after 10 years.

IRRs for Deferred Immediate vs. Immediate cash refund vs. immediate life only



All income payments begin at age 70. The DIA is bought at age 60. The Life only and Life with cash refund policies are bought at age 70. The Life only option has a negative return for the first 12 years.