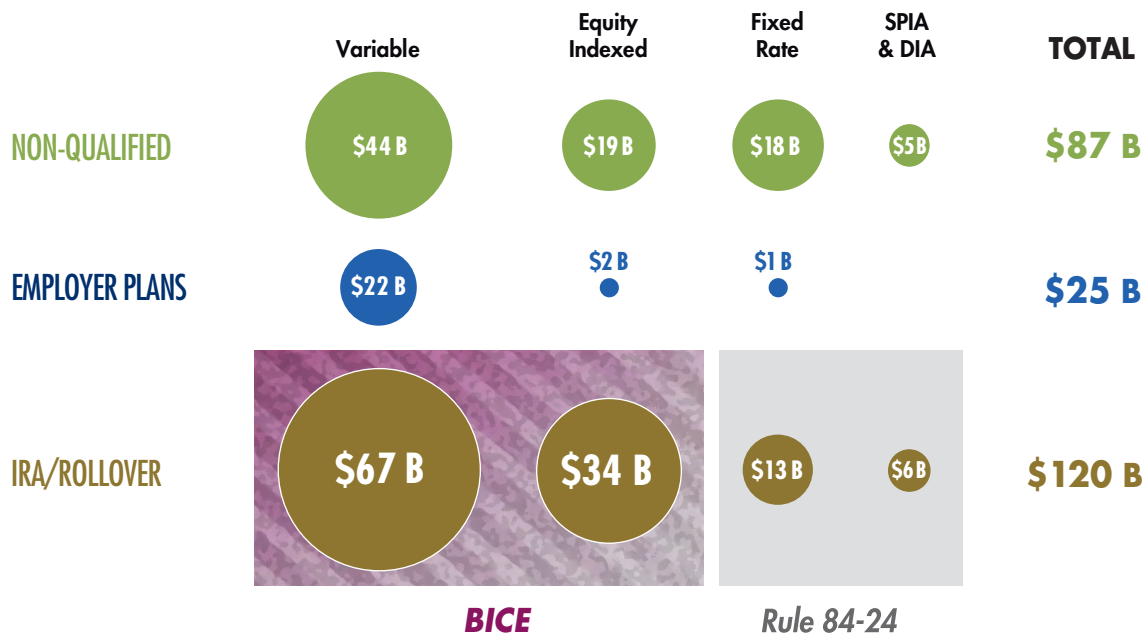


\$100 BILLION IN VARIABLE AND INDEXED ANNUITY SALES WILL BE SUBJECTED TO THE DOL RULE'S BICE PROVISION

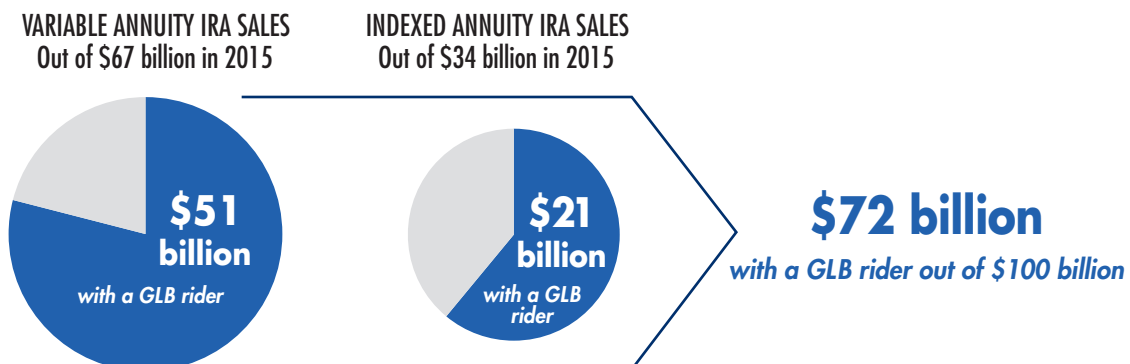
The DOL fiduciary rule mandates advice in the best interest of clients, reasonable compensation, more disclosure, and transparency under the Best Interest Contract – Exemption (BICE). All of this will have a big impact on sales of annuities that are funded by IRAs or IRA rollovers.

U.S. INDIVIDUAL ANNUITY SALES IN 2015 BY MARKET TYPE (in billions)



LARGE DECLINE IN GLB SALES A POSSIBLE EFFECT OF THE RULE

Pre-retirees and retirees invest nearly **\$72 billion** annually (out of \$100 billion under BICE) in annuities with guaranteed lifetime withdrawals or income benefits (GLBs) riders to create guarantee lifetime income.



PRESSURE ON CERTAIN DISTRIBUTION CHANNELS SIGNIFICANT



VARIABLE ANNUITIES



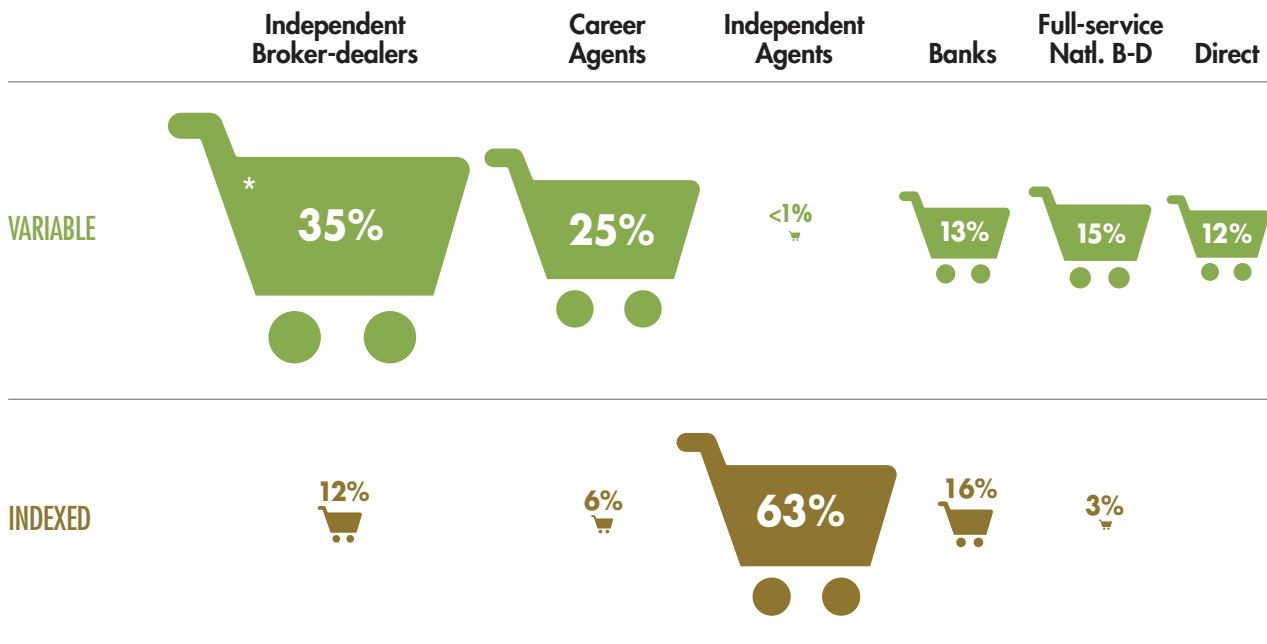
INDEXED ANNUITIES



Nearly two thirds of variable annuities are distributed via third-party channels and nearly two thirds of indexed annuities are sold through independent agents.

Independent broker-dealers and agents may find it more difficult than others to comply. Sales may drop if these channels cannot adjust to the rule quickly.

VARIABLE AND INDEXED ANNUITY SALES IN 2015 BY SHARE OF DISTRIBUTION CHANNEL



*Note: The cart sizes are based on sales, not by share of sales by channel

SOURCE: LIMRA Secure Retirement Institute, 2016. The findings are based on analysis of annuity sales in 2015 and quarterly and annual annuity benchmarking surveys: U.S. Individual Annuities survey, Variable Annuity GLB Election Tracking survey, and Indexed Annuity Guaranteed Lifetime Withdrawal Benefit Elections survey.

