

Introduction & Industry Commentary

Building a Foundation with VA Living Benefits

Understanding How Guaranteed Income Riders Work And How To Use Them

Presenter

Kevin Loffredi CFP® - Senior Vice President, Advanced Sales

Sponsor Representative

Eric S. Henderson - Senior Vice President,
Individual Investments Group Nationwide Financial

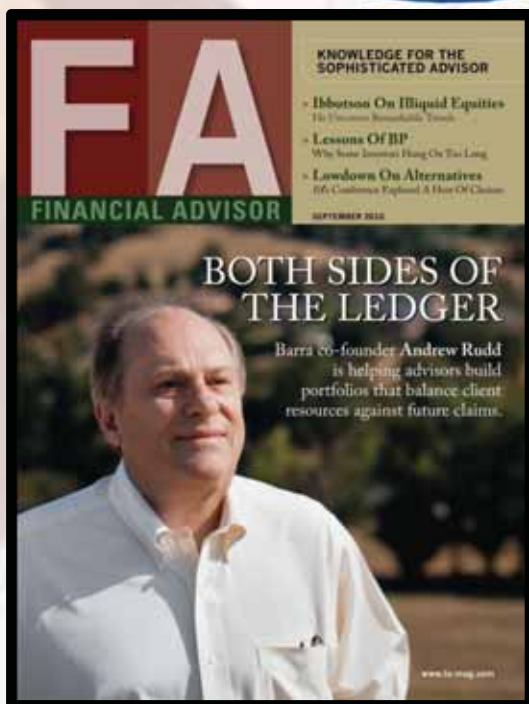
Sponsored by



Produced by



Introduction & Industry Commentary



Produced by



Introduction & Industry Commentary



Nationwide[®]
Financial



Eric S. Henderson

Senior Vice President
Individual Investments Group
Nationwide Financial

Introduction & Industry Commentary



Advanced Sales
& Marketing Corporation



Kevin Loffredi

Senior Vice President, CFP®
Advanced Sales
& Marketing Corporation

Today's Agenda

- I. VA Industry Overview
- II. Basics of Living Benefits
- III. Product/Benefit Benchmarks
- IV. Living Benefit Insights

About Advanced Sales & Marketing Corp.

We work exclusively with broker/dealers, banks, and distributors of mutual funds and annuities

- Annuity research and intelligence
- Wholesaler productivity software

ANNUITY INTELLIGENCE

REPORT • METRICS • BRIEF • ALERT

Quick Facts

- Easy-to-use research tool
- Technical, educational, compliance and sales resource
- 170 client firms
- 150,000 registered reps
- Side-by-side comparisons
- "Selector" screening tools
- Suitability forms

ANNUITY INTELLIGENCE REPORT™

By: **Advanced Sales**

MetLife Insurance Company of CT (Pioneer)
Pioneer Annuistat

Available Benefits

Living Benefits	
GMB	Not Available
GMAB	Optional
GMWB	Optional
Lifetime GMWB	Optional
Death Benefits	
Return of Principal	Standard
Highest Anniversary	Standard
Fixed Percentage Increase	Optional
Earnings Enhancement	Optional

Contract Information

Contract Type	B
Prospectus Date	4/28/2008
Supplement Date	N/A
Date of Last Update By ASC	4/9/2008
Website	us.pioneerinvestments.com
Phone Number	(800) 622-9876

Surrender Schedule

Years of Surrender Charges	7
Surrender Schedule (%)	6,6,5,5,4,3,2
Surrender	Starting in the 2nd year, 10% of Free
Withdrawals	previous anniversary value.

Expenses & Fees

Mortality & Expense Risk	1.40%
Administration Charge	0.15%
Distribution Charge	0.00%
Total Annual Expense	1.55%
Annual Policy Fee	\$30
Annual Policy Fee Waived If Anniversary Value is Equal To Or Greater Than	\$40,000

*The value of the account on the 4th Friday of each August is used to determine if the annual fee is assessed.

Contract Operation - Where Does the Contract Pay?
Controlling Life Hybrid (Both O & A)

Owner	Joint Owner	Annuitant	Death of	Pays To
Husband	Wife	Husband	Husband	Primary Beneficiary*
Husband	Wife	Husband	Wife	Surviving Joint Owner
Husband		Wife	Husband	Primary Beneficiary
Husband		Wife	Wife	Primary Beneficiary**
Trust		Husband	Husband	Primary Beneficiary

*Unless surviving joint owner continues contract.
**If a contingent annuitant is named, the contract automatically continues as-

Spousal Benefits & Continuation

	Yes	No
Can either spouse trigger the Guaranteed Death Benefit?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If spousally continued is Death Benefit credited?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If spousally continued is CDSC waived?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

*Additional purchase payments made after continuation will be subject to CDSC

Sample Titling For Obtaining Spousal Benefits On A Non-Qualified Contract

Owner	Joint Owner	Annuitant	Contingent Annuitant	Primary Beneficiary	Contingent Beneficiary
Husband	Wife	Husband or Wife	Blank	Surviving Joint Owner	Anybody

Issue Ages and Contribution Information

Non-Qualified	0-50	Owner & Annuitant	\$5,000 Initial	\$500 Additional
Qualified	0-50		\$5,000 Initial	\$500 Additional

Subaccount Information

Number of Subaccounts	30	Free Transfers Per Year	12
Subaccount Fee Range	0.40% to 1.30%	Transfer Fee	\$10*

Subaccount fee range reflects waivers and expense reimbursements.
*Fee currently waived.

Benefit Name	Benefit Type	Impact of Withdrawals
Accumulation Advantage (GMAB)	GMAB	Greater of \$-for-\$ or Proportional
Principal Guarantee (GMWB I)	GMWB	\$-for-\$ up to limit; excess proportional
Principal Guarantee 5/10 (GMWB II)	GMWB	Dollar-for-dollar up to limit; excess resets
Principal Guarantee 5 (GMWB III)	GMWB	Dollar-for-dollar up to 5%; excess resets benefit
GMWB for Life (Single Life)	Lifetime GMWB, GMWB & GMAB	No Impact up to limit; thereafter benefit resets
GMWB for Life (Joint Life)	Lifetime GMWB, GMWB & GMAB	No Impact up to limit; thereafter benefit resets
Standard Death Benefit	Death Benefit	Proportional
Enhanced Death Benefit	Death Benefit	Proportional
Enhanced Stepped-Up Provision (ESP)	Earnings Enhancement	Proportional

www.advsales.com Page 1 of 14 Copyright © 2008 Advanced Sales Corporation

This report is not a replacement for the product prospectus or the contract. Intended for broker use only and not for client use or use with the public. The Annuity Intelligence Report™ is a guide and the information provided herein is not guaranteed as to its accuracy or completeness. If a discrepancy exists between information contained in this guide and any sponsor communication, the sponsor communication will prevail. Advanced Sales Corporation is not a FINRA member firm and is not responsible for any losses or damages resulting from the use of this information for any purpose.

BROKER USE ONLY

I. VA Industry Overview

Variable Annuity Industry Update

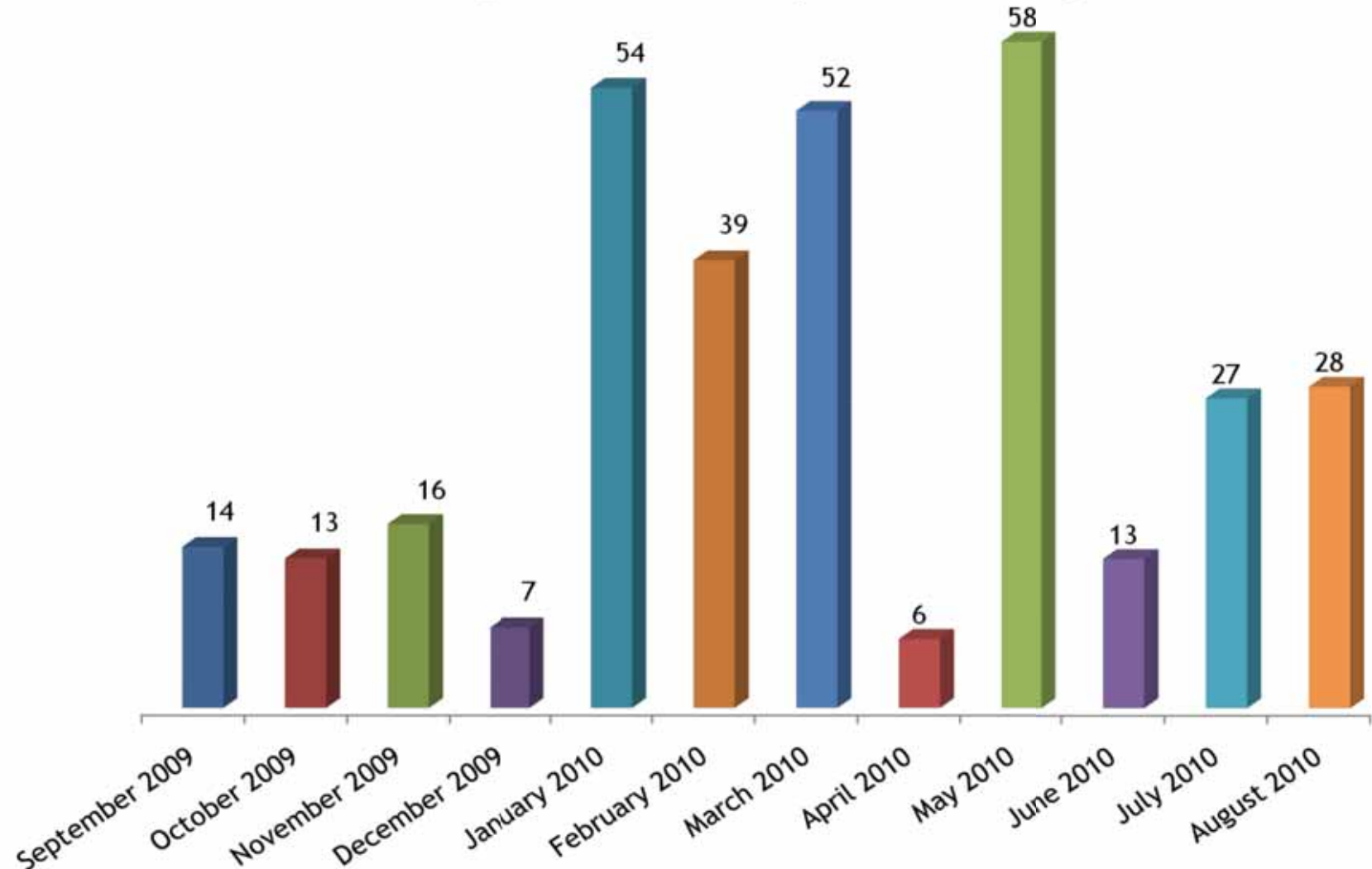
- VA Sales Are Steady

(\$billions)	Q1 '09	Q4 '09	Q1 '10	Q2 '10
VA Sales	\$30.4	\$31.9	\$31.4	\$33.9

- Over 140 product changes during Q1 '10
 - Housekeeping
 - New products
 - Tweaks
- Over 70 product changes during Q2 '10

Variable Annuities Change Daily

Rolling 12 Month Annuity Product Changes



Living Benefits-Industry Update

About 87% of all VAs sold have a living benefit attached

Living Benefit Type	Election Rate
Lifetime GMWB--Single	58%
Lifetime GMWB--Joint	6%
GMIB	16%
GMWB	3%
GMAB	4%
None elected	13%

II. Basics of Living Benefits

Living Benefits In Action

Real world challenges that living benefits can address:

- Outliving your money
- Experiencing a 20% or more drop in stock market
- Investment income reduced by falling interest rates
- Expenses rise due to runaway or prolonged inflation
- Pension is reduced or eliminated

Lifetime Income Benefit (GMAB)

- Guarantees return of initial investment amount
- Guarantee lasts 7 - 20 years
- Promised amount may increase if investment grows
- Withdrawals reduce benefit base proportionately
- Fee: Average of \$6.20 annually for every \$1,000 invested

Income Benefits-Common To All

- Guarantees income for life (don't have to die to get benefit)
- The amount guaranteed is based on
 - the amount invested
 - the age at certain key moments
 - how long the benefit is held (waiting period)
- The benefit base steps up:
 - if investment performance is positive
 - a set percentage (say 4% - 7%)
- Withdrawals are available, but must not be too large
- Generally, assets must be invested in an approved portfolio
- A surviving spouse can often continue the benefit

* Note: Exceptions apply to almost every comment above.

Minimum Withdrawal Benefit (GMWB)

- Guarantees withdrawal of a set percentage (generally 4-7%) annually of the initial investment
- Payments last until the guaranteed amount is exhausted.
(Example: 5% benefit for 20 years; 6% benefit for 16.7 years)
- In exchange for waiting to take payments:
 - guaranteed amount may increase if investment performance is positive
 - withdrawal percentage may increase
- Fee: Average \$5.30 annually for every \$1,000 invested

Lifetime Income Benefit (Lifetime GMWB)

- Guarantees fixed withdrawals of the initial investment for life (generally 4-7% annually)
- Payments usually last until the death of the first owner or the sole surviving annuitant. Some contracts offer coverage until the second spouse dies. Often requires first withdrawal at age 65 or older
- If withdrawals taken early, converts to regular GMWB
- A surviving spouse can often continue the benefit, though sometimes at a reduced amount or without the lifetime guarantee. Or, payments may last for lives of both spouses.
- Fee: Average \$9.60 annually for every \$1,000 invested

Lifetime Income Benefit (GMIB)

- Guarantees an annuitization amount after a waiting period
- Payment is based on the amount invested, the investor's age when the benefit is "switched on" and assumed interest rate
- Two flavors: 1) withdrawal friendly and 2) not withdrawal friendly (proportionate withdrawals)
- Before the benefit is "switched on," a waiting period usually of 10 years must be fulfilled, during that time:
 - promised income payment may increase if investment grows
 - promised income payment may increase each year by a set percentage, ranging from 4% - 7%
- Fee: Average \$6.35 annually for every \$1,000 invested

Comparison-GMIB v Lifetime GMWB

Differences between two most popular living benefits

Question	GMIB	Lifetime GMWB
What happens when the account value = \$0?	Contract is annuitized, life with period certain	Contract is annuitized, life only payments
Treatment of withdrawals?	Excess withdrawals treated proportionately	Excess withdrawals usually proportionate; 25% reset benefit base
Excess RMDs?	95% treat as excess w/d	95% treat as normal w/d
Does benefit terminate?	Yes, by milestone date	No
Is partial step-up credited?	Usually	Not usually

III. Product/Benefit Benchmarks

Living Benefits-Product Benchmark

Availability of Riders on Active Contracts:

	Nov '06	Mar '10	% Change
Lifetime GMWB	81%	78%	- 3%
GMIB	53%	33%	- 20%
GMWB	82%	43%	- 39%
GMAB	51%	43%	- 8%

Living Benefits-Product Benchmark

Average Cost of Riders:

Benefit Type	Fee %
Lifetime GMWB	0.96
GMIB	0.64
GMWB	0.53
GMAB	0.62

VA Product Provisions: What We Are Seeing

- 87% of VAs are purchased with a living benefit elected
- 78% offer an optional lifetime withdrawal benefit - with a large majority that contain investment restrictions
- Over half of all lifetime withdrawal benefits are “age banded,” meaning the guaranteed withdrawal percent varies depending on the age of the client when they take their first withdrawal
- New benefits are age-banded and/or time-weighted

Lifetime GMWB—Product Trend

As With Other Benefits, Complexity Has Increased:

Lifetime GMWB Withdrawal %	Nov '06	Mar '10
4.00%	-	1%
4.5%	-	2%
4.75%	-	1%
5%	69%	21%
5.5%	-	1%
6%	-	1%
Time Weighted	-	6%
Age Specific	<u>31%</u>	<u>66%</u>
Totals	100%	100%

Living Benefits-Product Trend

How Common Are Investment Restrictions:

	Nov '06	Mar '10	% Change
Lifetime GMWB	62%	93%	+ 31%
GMIB	73%	68%	- 5%
GMWB	54%	36%	- 18%
GMAB	79%	78%	- 1%

IV. Living Benefit Insights

Common Challenges with Living Benefits

- Many nuances of benefits make them difficult to understand and use
- Rapid change: difficult to keep up, track older benefits
- Understanding spousal continuation (contract & benefit level)
- Monitoring current client features:
 - Keeping track of milestone dates - When do things happen?
 - Are Manual steps up before or after anniversary?
 - Non-systematic withdrawals - how is the benefit affected?

Living Benefits-Key Insights

Election rate of Lifetime GMWB's from 4 carriers:

Single Life Version of Lifetime GMWB	Joint Life Version of Lifetime GMWB
95.5%	4.5%

Why are so many contracts established with a living benefit that will not continue for both spouses?

Living Benefits-Key Insights

Tips for taking advantage of the joint-life Lifetime GMWB

- Be aware that the single version of the benefit does not continue for both spouses
- Remember that you can elect the joint option on a qualified contract. Usually, you just name spouse as sole primary beneficiary
- Applications can be tricky. Some companies require the joint annuitant position to be populated in order to receive the joint life version of the benefit
- Note the joint life version is usually more expensive and offers a reduced withdrawal amount
- Advisor Tip: Joint life can be elected inside an IRA

Living Benefits-Key Insights

- Living Benefits That Are RMD Friendly . . .
 - 95% of Lifetime GMWBs
 - 5% of GMIBs
- Advisor Tip—Clients approaching age 78

Special Attention to Senior Clients

- Waiting periods on living benefits
- Automatic termination of benefits
- Step-ups that end
- Know when a living benefit can be added to an existing contract instead of buying a new contract
- Required annuitization - "The Term Annuity Effect"

Special Attention to 1035 Exchanges

Owners Annuitant

A



Husband
& Wife

Wife

Guarantee is based on the
OWNERS' lives

Contract A is 1035 exchanged into Contract

Owners Annuitant

B



Husband
& Wife

Wife

Guarantee is based on the
ANNUITANTS' lives

Problem: Only one Annuitant is
named

Final Word

- Figure out what factor is most important to your clients:
 - Potential increase in paycheck
 - Principal protection against market volatility
 - Inflation protection
 - Longevity protection
- Understand basics of living benefits:
 - What is guaranteed? In what form?
 - How step ups work
 - Impact of withdrawals
 - Spousal continuation and titling
 - Investment options

The Lighter Side: The Craziest Prospectus Provisions We've Seen

1. "This means that all death benefits and surrender charge waivers will continue to be based on the Owner and not the Owner."
2. "If the account value is \$100,000 on the fourth Friday of any August, the fee is waived."
3. "For the most part, we calculate the fee on the anniversary date."
4. "The custodian, under a custodial owned IRA, for the benefit of the beneficial owner, may be designated as sole primary beneficiary provided that the spouse of the beneficial owner is the sole primary beneficiary of the custodial account."

Questions?

Contact info:

Kevin Loffredi, SVP

1-800-597-8084

kevin.loffredi@advsales.com

CE Credit

CIMA CE Credit

To receive 1 Non IMCA credit

Log on to: www.imca.org/main/do/reportCIMACE

Click on "Non-IMCA Continuing Educational Hours Submittal Form"

Complete form and follow submittal directions

Program Name: Building a Foundation with VA Living Benefits

A recording and the slides of this presentation will be available at
www.fa-mag.com/annuitynationwide

Sponsored by



Produced by



CE Credit

CFP Board CE Credit

To receive 1 General CE credit

Log on to: www.cfp.net

Login to your online CFP Board Account
(email address and password are needed)

CE SPONSOR: Charter Financial Publishing Network, Inc.

CE SPONSOR ID NUMBER: 2839

PROGRAM NAME: Building a Foundation with VA Living Benefits

PROGRAM ID: 9212010

HOURS GRANTED: 1.00

A recording and the slides of this presentation will be available at
www.fa-mag.com/annuitynationwide

Sponsored by



Produced by

