November 17, 2020

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Office of Regulations and Interpretations
Employee Benefits Security Administration, Room N-5655
U.S. Department of Labor
200 Constitution Avenue, NW
Suite 400
Washington, DC 20210

Attention: Pension Benefit Statements – Lifetime Income Illustrations, RIN 1210-AB20

Dear Sir or Madam:

Allianz Life Insurance Company of North America (“Allianz Life”) appreciates the opportunity to provide comments on the Department of Labor (the “Department”) interim final rule (IFR) regarding the inclusion of lifetime income illustrations on participants’ pension benefit statements. Accompanying our comments are annuity product and market data that the Department has requested. See Attachment #1 and Attachment #2, respectively.

Allianz Life commends the Department for including an alternative set of rules based on the actual annuities made available in a plan. It is important that sponsors of such plans be afforded liability relief in providing those illustrations. Our comments will particularly focus on these rules.

We view the illustrations as critical to participants’ understanding of how annuities can help them achieve retirement security through their employer sponsored defined contribution retirement plans. No other product can guarantee income like an annuity, whether through payments at annuitization or more commonly, as our comments demonstrate, guaranteed withdrawals from the Guaranteed Lifetime Withdrawal Benefit (GLWB) features of these contracts.

Summary of Comments

We summarize our comments as follows, with more detailed discussion further below.

1. **Annuity Products and Features.** We are providing to the Department a detailed explanation of the key types of annuities and features available in the marketplace, including GLWBs. Traditional annuities that pay a lifetime income stream only at annuitization, which are currently reflected in the IFR, are valuable tools for participants and plan sponsors to manage the decumulation of assets. However, the data demonstrates that consumer adoption of these traditional products is limited. The successful integration of lifetime income products into defined contribution plans will require that more than just annuities that pay a lifetime income stream only at annuitization be covered by the illustration rules.

2. **Market Data.** We are providing market data that illustrates the relative popularity of the different types of annuities and features available in the retail marketplace.

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1 Allianz Life is a life insurance company that offers a portfolio of individual annuities and insurance products. Allianz SE is the parent company of Allianz Life.
3. **Illustrating and Protecting GLWB Features.** The IFR permits GLWB and other annuity descriptions as supplemental illustrations. However, where these features and products are made available in-plan, the illustrations provided by sponsors should receive the same protection as the liability relief afforded in illustrating traditional life annuities. We further recommend that the IFR be revised to ensure that the manner of illustrating (and projecting) GLWB features is consistent with existing state and federal law.

4. **Inflation-indexed Annuities.** We believe that it is important for the Department to draw a distinction between the corrosive effect of inflation when a participant chooses a fixed nominal income stream and the ability of a fiduciary to actually purchase an annuity with payments indexed directly to an inflation measure. These types of products are not widely available or widely used in the market. Instead, inflation protection is provided by annuities which provide for increasing payments over time, without a direct connection to a published inflation index.

5. **Classifying “Distribution Annuities” and “DIAs.”** The IFR provides special disclosure rules for plans with “in-plan” annuities, introducing two different classifications and disclosure rules for annuities held by plans. An in-plan annuity can be either a “distribution annuity” (DA) or a “deferred income annuity” (DIA); and often this distinction is not clear. However, two critical features of the IFR turn on this annuity classification: the nature of the disclosure requirements and the relief from liability for plan fiduciaries and plan sponsors in providing the illustrations. We ask the Department to clarify that any sponsor illustrating an annuity contract that can reasonably be classified either way be afforded liability relief in illustrating “distribution annuities.”

6. **Personalized Illustrations as Education, Not Advice.** The Department should clarify that simply providing personalized information to a participant about the income value provided by an annuity is not “advice” under 29 CFR § 2509.96–1.

7. **Balancing Simplicity with Knowledge.** We believe that much of the “confusion” noted by the Department about annuity terms is due to the lack of familiarity of fiduciaries and participants, and not necessarily any inherent complexity in their use. Over time, we expect the defined contribution market to become more familiar with them. We therefore encourage the Department to use the illustrations to increase familiarity with annuity terms, and not to avoid their use because of a focus on “simplicity.”

**Detailed Discussion**

1. **Annuity Products and Features**

The Department has requested: (i) data and feedback on existing annuity products and features that are currently not reflected in the IFR; and (ii) comments on whether and how to incorporate annuity features, such as GLWBs and other optional riders that may accompany annuities, into the lifetime income disclosures. The Department has noted that it previously requested feedback from interested parties on the role of these features in lifetime income illustrations when it issued the earlier requests for comment. However, as a general matter, the Department did not receive sufficiently detailed or consistent proposals on whether or how these features should be treated on pension benefit.
statements.

In response to the Department’s latest request, Attachment #1 is an annuity grid that describes the annuity products commonly available in the market. As a market leader in developing and providing annuities with GLWB features, Allianz Life is particularly qualified to comment on these products and provide the Department with requested guidance on whether and how to incorporate annuities with features like GLWBs into the lifetime income disclosures.

a. Types of annuities

Attachment #1 compares the basic types of annuities available in the market, while comparing and contrasting them across a basic set of features (to the extent each product can be generalized). Note that the Guaranteed Lifetime Withdrawal Benefit feature (GLWB, for which the Department has specifically requested comments) is not considered a type of an annuity, but rather an insurance feature which can be provided under a number of different annuity types. Attachment #1 identifies the key features that distinguish each type of annuity.

- The annuity grid first lays out three annuity classifications – SPIA (single premium immediate annuity), DIA (deferred income annuity) and the QLAC (qualified longevity annuity contract) DIA which are explicitly and accurately addressed in the IFR, so we do not provide additional comment on those.

- The four product classifications on the right-hand side of the annuity grid are not typically utilized for their traditional annuitization benefit, despite it being a feature on these contracts. When utilized as a decumulation vehicle, a GLWB (more below) feature is more commonly employed. These products may also be utilized for accumulation purposes and surrendered for a lump-sum. Each of these products would generally be classified as “distribution annuities” under the IFR, although all are labeled “deferred annuities” for purposes of state law (see the discussion in #5, below). These include Fixed Annuities (FAs); Fixed Indexed Annuities (FIAs)/Equity Indexed Annuities (EIAs); Registered Indexed Linked Annuities (RILAs)/Index Variable Annuities (IVAs;) and Variable Annuities (VAs). VAs provide for pooled separate accounts which are similar to other investment options in defined contribution plans.

- Those four classifications differ in the degree to which they provide potential upside accumulation to the participant’s account balance in the contract as a tradeoff for guaranteed growth or downside protection on that account balance. FAs declare a rate of interest that is known in advance; while FIAs have a fixed account similar to FAs, they are popular for their indexing options which may provide greater potential than a fixed option but may also credit 0% in certain index scenarios. They will never credit less than 0%. The conditions and formulas for calculating interest are known in advance but contingent on market performance of the index the participant selects under the contract. RILAs extend FIAs further by having options that may provide further upside potential, but could result in the loss of principal and interest. However, most RILAs also have options that offer some protection against losses even in negative market scenarios. VAs stand distinct in being directly invested in funds which fluctuate in value with the market as opposed to crediting interest based on a formula.
b. The GLWB option

Over time, these product differences have evolved with other conventions to serve the markets in which they are offered and the consumers that prefer one structure over another, as evidenced by the market data in Attachment #2. For example, the GLWB feature discussed below has evolved to be offered mostly on VA and FIA (more recently introduced to the RILA market).

GLWBs are designed to be a payout feature under the annuity, as opposed to an accumulation feature. They operate by expanding upon traditional annuity options available within a contract. In addition to providing a guaranteed lifetime payment stream, like a traditional life annuity, a GLWB feature includes flexibility that could not be offered at annuitization:

- The GLWB feature preserves optionality and liquidity. When lifetime withdrawals payments are started from the GLWB feature, the account value of the annuity contract remains and can be surrendered for a lump sum (reduced by any GLWB payments taken). With a traditional annuity, once annuity payments commence, this right is forfeited should consumers have a need for additional unanticipated liquidity. Consumers may also elect not to receive some or all of the annual amount after starting lifetime withdrawal payments, which would allow that amount to remain in the contract, earn interest and be taken out at a later date as needed.

- Similarly, should the consumer die before lifetime withdrawal payments exhaust the account value, the remainder is payable as a death benefit to the beneficiaries. This is similar to a traditional annuity with a refund option. However, in the GLWB form, the account value will continue to earn interest after lifetime withdrawals have started. Further, the spousal beneficiary may have the ability to actually elect a traditional life annuity, based upon the GLWB payouts, or to continue the GLWB.

- When the account value of the annuity is exhausted, the annuity contract continues to pay a lifetime income stream to the consumer, and, if applicable, to a joint survivor.

- GLWBs have dramatically risen in popularity and use, driven by these and other consumer friendly features. It would be difficult to generalize across all of the structures, but we can describe the varying ways in which carriers have developed products to address more specific consumer needs. For example:
  
  - Many GLWBs provide an enhanced value above and beyond the account value which forms the basis by which the withdrawal payment stream will be calculated. This structure allows carriers to credit additional interest towards the payout benefit in an attempt to maximize the income value of the product.
  
  - There are GLWBs that are designed for individuals looking to commence payments at different points in time, generally with a benefit to those who are willing to wait longer.
  
  - There are GLWBs that offer inflation protection in the form of increasing payments. GLWBs may differ in the amount of potential increases that are available and how the increases are calculated. Very few directly index to a measure of inflation, rather fixed increases and market indexing is far more common. Illustrations help consumers understand the potential for increases on a specific contract.
  
  - There are also GLWBs that provided enhanced legacy benefits (death benefits). Some GLWBs will make the enhanced value available to a plan’s beneficiaries.
2. Market Data

Market data requested by the Department is reflected in Attachment #2. The data demonstrates the pervasiveness, and the importance, of annuities which provide additional flexibility to plan participants not otherwise available under annuities that pay a lifetime income stream only at annuitization. Although traditional life annuities of the type currently reflected in the IFR are valuable tools for participants and plan sponsors to manage the de-cumulation of assets, consumer adoption of these traditional products is limited. In addition, the data shows a preference for other features – particularly GLWB features – because of their flexibility and fundamental lifetime income guarantee, as discussed above:

- While all annuity types listed can be utilized to initiate a lifetime payment stream, some products are marketed and purchased with an aim towards accumulation rather than de-cumulation (distribution payments). Market participants might segment the market differently, but our experience is that the following products approximately represent the decumulation or lifetime income market for annuities: VA with GLWB, FIA with GLWB, SPIA, DIA (including QLAC), and RILA with GLWB (excluded from Attachment #2 - no industry data yet). With some exception, other annuities in the individual market are primarily used as a conservative accumulation vehicle.

- VA and FIA comprise the significant majority of today’s market for income. The primary mode of lifetime payment distribution from these products would be via a GLWB versus a traditional annuitization benefit, hence we only include products with a GLWB feature in the market share calculation.

- Note that GLWBs have recently been introduced to RILAs. The data is not broken out yet, but RILA could represent a significant share of the income market due to the fast growth of the product generally (with and without a GLWB feature). Because RILA fit between FIA and VA, we believe capturing the features present in those products today will capture foreseeable developments in the RILA market as well.

- The products explicitly contemplated by the IFR, namely, SPIA and DIA, represent a small minority of the commercial market both historically as well as today.

3. Illustrating and Protecting GLWB Features

   a. Protecting GLWB Illustrations

The prevailing data demonstrates the strong likelihood that there will be an increasing level of adoption in the coming years of FIAs, RILAs and VAs with GLWB by defined contribution plans. These products can provide fiduciaries, sponsors and participants with significant resources with which to manage the de-cumulation of defined contribution assets. However, the IFR appears to only provide liability relief to

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2 Note that LIMRA, the source of the data, uses the abbreviation GLB in the place of GLWB.

3 LIMRA combines both in-plan and retail individual products in its data, with the retail products constituting the bulk of available data.
sponsors providing illustrations of a set income payment at annuitization. Like the Department concern with illustrating outcomes that may be uncommon in the marketplace, it should be equally concerned about not extending that same protection to the illustration of lifetime income options which dominate the marketplace, when they are made available under a plan.

Providing liability relief to alternative payout methods is entirely consistent with the SECURE Act. It will encourage plan sponsors to help participants understand how much their current savings might actually generate in terms of guaranteed lifetime income in the future. Especially given the dominance of FIAs, RILAs and VAs with GLWBs in the market, it is fundamentally sound policy to provide plan sponsors that offer these products and features the same legal protection when showing the income such products can be reasonably expected to provide given their specific features.

We wholly support the Department’s decision to choose simplicity and consistency as the standard for illustrations. The policy supporting these concepts are undermined, however, where such simplified illustrations contradict the features of the annuity offered under the plan.

b. Illustrating GLWB

The Department requested comments on how to illustrate annuity products that do not fit within the simplified approach, specifically annuities with GLWBs and other features. We provide comments on how to do that here.

The issue of effectively illustrating the features of annuities has been long been addressed by federal and state law, and an employer choosing to illustrate its in-plan annuities under those laws should then enjoy the same protections as offered under the IFR. Failing to provide this protection puts plan sponsors in a difficult and potentially conflicting position when choosing what to disclose to participants.

We believe protections can be safely extended to illustrations of those products that meet the standards of other applicable federal and state law. This includes the pertinent parts of FINRA Rule 2211 for variable annuities and the NAIC Annuity Model Disclosure regulation for fixed annuities.

The NAIC model, in particular, represents significant collaborative efforts between regulators and the industry over the past many years. While the purpose of the illustration requirements of that regulation are to disclose all the various attributes, features and benefits of a particular product to a prospective buyer, there is important guidance that can be applied to help participants who already own the product understand how much income they could reasonably expect to get from it in the future.

Therefore, we propose the Department extend liability relief to those plans which use the relevant elements of applicable state and federal law in their illustrations. With regard to the Annuity Model Disclosure regulations, these elements would consist of the following.

- When using an illustration, the illustration shall not describe non-guaranteed elements in a manner that is misleading or has the capacity or tendency to mislead; state or imply that the payment or amount of non-guaranteed elements is guaranteed; or be incomplete.

- Costs and fees of any type shall be individually noted and explained.

- The non-guaranteed elements underlying the non-guaranteed illustrated values shall be no more favorable than current non-guaranteed elements and shall not include any assumed future improvement of such elements. Additionally, non-guaranteed elements used in calculating non-
guaranteed illustrated values at any future duration shall reflect any planned changes, including any planned changes that may occur after expiration of an initial guaranteed or bonus period.

- In determining the non-guaranteed illustrated values for a fixed indexed annuity, the index-based interest rate and account values reflect a 10-year historical performance of the index.

- The non-guaranteed element(s), such as caps, spreads, participation rates or other interest crediting adjustments, used in calculating the non-guaranteed index-based interest rate shall be no more favorable than the corresponding current element(s).

- Any illustration of non-guaranteed elements shall be accompanied by a statement indicating that the benefits and values are not guaranteed; the assumptions on which they are based are subject to change by the insurer; and that actual results may be higher or lower.

- A statement containing in substance the following: (a) For other than fixed indexed annuities: This illustration assumes the annuity’s current nonguaranteed elements will not change. It is likely that they will change, and actual values will be higher or lower than those in this illustration but will not be less than the minimum guarantees. The values in this illustration are not guarantees or even estimates of the amounts you can expect from your annuity. (b) For fixed indexed annuities: This illustration assumes the index will repeat historical performance and that the annuity’s current non-guaranteed elements, such as caps, spreads, participation rates or other interest crediting adjustments, will not change. It is likely that the index will not repeat historical performance, the non-guaranteed elements will change, and actual values will be higher or lower than those in this illustration but will not be less than the minimum guarantees. The values in this illustration are not guarantees or even estimates of the amounts you can expect from your annuity.

In light of the clear regulatory guidance in place for annuity illustrations, we believe it is appropriate and important for the Department to extend liability relief for illustrations that comply with the applicable requirements.

4. Inflation-indexed Annuities

The Department requested comments and data related to “inflation indexed annuities,” as it seeks to avoid mandating illustrations based on theories that cannot be replicated by products or services in the insurance marketplace, due to a lack of demand or otherwise.

This is a well-placed concern. We believe that it is important for the Department to draw a distinction between the corrosive effect of inflation in the choice of a fixed nominal income stream and the ability of a fiduciary to actually purchase an annuity with payments indexed directly to an inflation measure. Data on inflation-linked annuities, in particular those tied to an inflation measure such as CPI, is hard to come by, and anecdotal references can be found to the paucity of options in the market. This is consistent with our own ongoing market research and other professional observations of the market as a carrier continuously evaluating the market for consumer demand and competing insurance products.

The vast majority of products in the annuity market which provide inflation protection are simply those which provide for increasing payments over time. These payments are structured with either a set fixed annual increase or an increase linked to market performance. This has been the market response to
consumer concerns about the impact of inflation on a fixed nominal payment. Product illustrations help demonstrate the value of the increasing payment type – fixed or market-linked – in addressing these concerns. The risks associated with these structures are typically more manageable for an insurer than those associated with a traditional inflation index. While these products will not 100% correlate with inflation measures (as some products may outpace inflation while others may lag) these options have become the commercial option for preserving the real purchasing power of annuity payment streams.

We are not aware of any data providing a breakdown between annuities with increasing payment streams versus fixed nominal income streams in the market.

Unlike many traditional defined benefit plans with payouts indexed to a cost of living index, defined contribution plans must instead rely on these types of insurance products which are available in the market.

It is important to note that these types of annuities are well established in the market and have been heavily regulated by both state law and, where variable annuities are involved, FINRA. In particular, illustration regulations have been adopted which prescribe how to illustrate the increasing payment streams that are actually provided in the market and can flexibly accommodate the variety of product types. (see our discussion in Section 3(b), Illustrating GLWB, above).

We therefore ask that the Department be aware of the distinction between “inflation adjusted” values and the types of annuities used to protect against inflation.

5. **Classifying “Distribution Annuities” and “DIAs”**

The IFR provides special disclosure rules for plans with “in-plan” annuities, introducing two different classifications and disclosure rules for annuities which are held by plans. An in-plan annuity can be either a “distribution annuity” (DA) or a “deferred income annuity” (DIA). The distinctions between these two types of annuities are not clearly delineated in the IFR. However, critical features of the IFR turn on this annuity classification: the nature of disclosure requirements and the limitation of liabilities provided to plan fiduciaries and plan sponsors for providing the illustrations.

We agree that the SECURE Act limits the disclosure rules to lifetime income streams that are based on hypothetical assumptions. This makes it necessary to be able to distinguish between a “hypothetical” and “purchased” annuity; however, such can be difficult to do in practice and is not clear under the IFR. What makes it so challenging is annuities can offer a combination of different guarantees and distribution features under a single annuity contract that could be fairly classified as a DIA or a DA. These hybrid designs may provide the participant with specified monthly payments or guaranteed minimums based on “real factors” and “enforceable contracts.” They may also provide for current cash values treated as plan investments that can serve as a basis for accumulating certain actuarially determined insurance and income guarantees. Thus, the ultimate benefit type to be provided under the annuity will vary based upon a combination of guarantees, purchase payments and investment performance under the contract. As noted, the most innovative and popular of the annuity products available in the commercial market provide a combination of the features described in both the DA and DIA in a single contract.

As Attachment #1 demonstrates, a number of the most popular annuity types may easily fall within this hybrid classification of being both a DA and DIA. The disclosures required by the IFR for these hybrid products will include certain hypothetical circumstances or actuarial estimates. With these hypothetical
circumstances or actuarial estimates, liability relief is still needed even if there is an element of a “purchased” or “set” lifetime income payment in the nature of, for example, a minimum guarantee. Therefore, we ask the Department to clarify that any sponsor illustrating an annuity contract that can reasonably be classified either way be afforded liability relief in illustrating “distribution annuities.”

6. **Personalized Illustrations as Education, Not Advice**

The Department has requested comments on whether it should issue guidance clarifying the circumstances under which the provision of additional annuity illustrations may constitute the rendering of “investment advice” or may instead constitute “investment education.”

We believe that clarification of the manner in which § 2509.96–1 will apply to annuity illustrations would be useful and promote its proper use. Annuity illustrations use a participant’s personal data to generate a report pertaining to the level of benefits and other features which are available to the participant under the contract which is offered by the plan. The illustrations themselves do not recommend the course of action by the participant; they merely reflect the calculation of a benefit. Like interactive investment materials that are “investment education” tools under 2509.96-1(d)(4), illustrations use data provided by participants to achieve the means to estimate future retirement income.

We therefore recommend that the Department clarify that simply providing personalized information to a participant with regard to the income value which will be provided by an annuity is, in itself, not “advice” under 29 CFR § 2509.96–1.

7. **Balancing Simplicity with Knowledge**

We wholly support the Department’s decision to choose simplicity and consistency as the standard for illustrations. However, the Department has requested comments on how to illustrate annuity products that do not fit within the simplified approach, specifically annuities with GLWBs and other features. We provide comments on how to do that here.

This policy of promoting simplicity is undermined where such simplified illustrations contradict or do not accurately reflect the features of an annuity offered under the plan. We recognize that the defined contribution market is generally unfamiliar with the terminology and concepts related to annuities. We believe that much of the “confusion” noted by the Department relates to this lack of familiarity of fiduciaries and participants with annuity terms, and not necessarily due to any inherent complexity in their use.

Just like the defined contribution market becoming comfortable over time with the terms and concepts of mutual fund investments and their operation, we expect that the market will eventually achieve a similar level of familiarity with annuity terminology.

We therefore encourage the Department to use illustrations to increase familiarity with annuity terms, and not to avoid their use because of a too stringent focus on “simplicity.”
Allianz Life appreciates the opportunity to provide comments on the Department’s IFR. Please contact me with any questions or if the Department would like to discuss our comments further. I can be reached at (612) 250-3994 or scott.kreighbaum@allianzlife.com.

Sincerely,

[Signature]

John S. (Scott) Kreighbaum
Associate General Counsel

Cc: Gretchen Cepek, SVP, General Counsel & Corporate Secretary, Allianz Life Insurance Company of North America
### Annuity Grid

**Attachment #1 – Annuity Grid**

**November 17, 2020**

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Single Premium Immediate Annuity, &quot;SPIA&quot;</th>
<th>Deferred Income Annuity</th>
<th>Qualified Longevity Annuity Contract (subset of DIA)</th>
<th>Fixed Annuity</th>
<th>Fixed Indexed Annuity, Equity Indexed Annuity</th>
<th>Registered index-linked annuity, Index Variable Annuity</th>
<th>Variable Annuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Abbreviation(s)</td>
<td>SPIA</td>
<td>DIA</td>
<td>QLAC</td>
<td>FA, MYGA (Multi-year Guarantee: Annuity)</td>
<td>FIA, ELIA, RELA, IVA</td>
<td></td>
<td>VA</td>
</tr>
<tr>
<td>General Description</td>
<td>Distributes periodic payments commencing within one year of issue based on payment option chosen</td>
<td>Distributes periodic payments commencing more than one year past issue based on payment option chosen</td>
<td>Limited or no flexibility post-issue (&quot;irrevocable&quot;)</td>
<td>Has an account value which earns interest based on a fixed rate. Can be converted into distributions (&quot;annualized&quot;) or lump sum payment</td>
<td>Has an account value which earns interest based on a fixed or indexed rate. Can be converted into distributions (GLWB or annuitization) or lump sum payment</td>
<td>Has an account value which earns interest based on a fixed or indexed rate. Can be converted into distributions (GLWB or annuitization) or lump sum payment</td>
<td>Has an account value invested in underlying funds. Can be converted into distributions (GLWB or annuitization) or lump sum payment</td>
</tr>
<tr>
<td>Distribution Payment Options</td>
<td>Single and Joint life</td>
<td>Single and Joint life</td>
<td>Period Certain, Life with Period Certain, Life Only, Joint with lower amount for survivor</td>
<td>Traditional annuity options e.g. see SPIA) available, GLWBs may be present</td>
<td>Traditional annuity options e.g. see SPIA) available but GLWBs are predominant method of taking lifetime payment options</td>
<td>Traditional annuity options available. New market with GLWBs being recently introduced (previously market focused on accumulation towards lump sum value)</td>
<td>Traditional annuity options available but GLWBs are predominant method of taking lifetime payment options</td>
</tr>
<tr>
<td>Cash Value/Surrender Value</td>
<td>None</td>
<td>None</td>
<td>Subset of DIA market with additional constraints (e.g. payments can only be deferred until 85, premium limits) that has tax benefits</td>
<td>Earns interest based on fixed rate not less than 0%</td>
<td>Earns interest based on fixed rate or indexed rate not less than 0%</td>
<td>Earns interest based on fixed rate or indexed rate. Many indexed options, will specify index that interest will be based on and method for computing interest. E.g. S&amp;P 500 Annual Point-Point with a Cap.</td>
<td>Account value directly invested in VA subaccounts (equity, fixed interest, and others) which will fluctuate with value of investments</td>
</tr>
<tr>
<td>Market Size (Bn, FY 2019)</td>
<td>9.9</td>
<td>2.5</td>
<td>0.45</td>
<td>17.5</td>
<td>23.3 (18.3 w/GLWB)</td>
<td>17.4</td>
<td>34.5 (41.2 w/GLWB)</td>
</tr>
<tr>
<td>Market Growth (7% CAGR)</td>
<td>4.0</td>
<td>-3.3%</td>
<td>N/A</td>
<td>8.9</td>
<td>22.8%</td>
<td>4.9%</td>
<td>N/A</td>
</tr>
<tr>
<td>Guaranteed Lifetime Withdrawal Benefit &quot;GLWB&quot;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Market Size (Bn, FY 2019) | 9.9 | 2.5 | 0.45 | 17.5 | 23.3 (18.3 w/GLWB) | 17.4 | 34.5 (41.2 w/GLWB) |
| Market Growth (7% CAGR) | 4.0 | -3.3% | N/A | 8.9 | 22.8% | 4.9% | N/A |

Many variations and innovations around GLWB design. Guarantee will define terms for how GLWB payment is calculated and provides for a lifetime income stream at a time of policyholder election. Generally, GLWBs offer enhanced value over lump sum or traditional annuitization options present on contract.

GLWBs differ from traditional annuitization in that choice is not irrevocable. Policyholder retains access to account value if they wish to switch to a lump sum or which would generally be paid as a death benefit.

Typical GLWB options are: Joint/Single life, Set or Increasing options (where increasing options, if present, vary)
<table>
<thead>
<tr>
<th>Year</th>
<th>VA</th>
<th>VA with GLB elected*</th>
<th>FA</th>
<th>FIA</th>
<th>FIA with GLB elected</th>
<th>RILA</th>
<th>SPIA</th>
<th>DIA</th>
<th>DIA - QLACs**</th>
<th>VA with GLB elected*</th>
<th>FIA with GLB elected</th>
<th>SPIA</th>
<th>DIA</th>
<th>DIA - QLACs**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>137.2</td>
<td>49.7</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>3.0</td>
<td>0.0</td>
<td>2000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2001</td>
<td>111.0</td>
<td>63.9</td>
<td>6.8</td>
<td>0.0</td>
<td>0.0</td>
<td>3.6</td>
<td>0.0</td>
<td>2001</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>116.6</td>
<td>86.7</td>
<td>11.8</td>
<td>0.0</td>
<td>0.0</td>
<td>4.8</td>
<td>0.0</td>
<td>2002</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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