

# DELIVERING ON OUR PROMISE

## Frequently Asked Questions

As a top annuity provider in the U.S.,<sup>1</sup> Jackson's breadth, depth, and scope of knowledge and delivery in the field of variable, fixed, and index annuities make us an industry leader. Jackson, founded in 1961, is an indirect subsidiary of Prudential plc, a leading global insurance and financial services company incorporated in the United Kingdom. Founded more than 165 years ago and serving more than 20 million customers worldwide, Prudential plc helps individuals to "de-risk" their lives and deal with their biggest financial concerns through life and health insurance as well as retirement and asset-management solutions. It is listed on stock exchanges in London, Hong Kong, Singapore, and New York. Prudential plc is not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America.

At Jackson<sup>®</sup>, we believe every American deserves the opportunity to live life well—and not outlive their money. Jackson is committed to helping people achieve financial freedom, so they can live the lives they want. We provide resources and strategies to help Americans protect and grow their assets, create opportunities for protected and guaranteed lifetime income, and pursue financial freedom for life. We've heard from a number of our contract owners and partners who are thankful they are Jackson customers—especially during this global economic crisis—and we are proud to be able to offer that comfort and support through our products and services.



*Here's a quick review of how Jackson is able to maintain its insurance guarantees\* and integrity when the market becomes turbulent and uncertain.*

### 1 | How is Jackson equipped to maintain strength and stability in times of uncertainty?

As we all navigate through an unprecedented global health crisis, Jackson is experienced and equipped to meet our obligations and fulfill our insurance guarantees. Jackson's long track record of disciplined pricing and product design, disciplined risk management, and operational excellence will continue to drive our commitment to our stakeholders through all economic markets.

### 2 | How is Jackson's model built to manage risk when you need us the most?

Jackson takes a measured, balanced, risk-management approach in all markets. The Company has adjusted capital of \$5.2 billion—more than seven times the minimum regulatory requirement (as of December 31, 2019).

\* Guarantees are backed by the claims-paying ability of Jackson National Life Insurance Company<sup>®</sup> or Jackson National Life Insurance Company of New York<sup>®</sup> and do not apply to the principal amount or investment performance of a variable annuity's separate account or its underlying investments.



And Jackson's high-yield corporate debt is low, at approximately 1.5% of its investment portfolio. We're highly functional and able to adapt in turbulent times. And maintaining our momentum, we will further optimize our capital structure and ensure our people, investments, and capabilities are aligned to support strategic priorities. We continually strive to improve our communication and customer service to enhance your experience of doing business with our organization.

### **3 | With extreme market volatility, how can Jackson continue to offer its product guarantees?**

Our deliberate, diligent, and consistent approach has enabled us to thrive in the most difficult times.

- **To help manage risk**, we provide a diversified product mix, adhering to our risk-management process and disciplined product pricing. Jackson also ensures your vital information stays safe, secure, and private. That helps us provide you with the award-winning quality service you need now more than ever.

### **4 | What is Jackson's risk-management strategy and how does it protect customers in all markets?**

With \$297.6 billion in IFRS assets,\* the company prides itself on sound corporate risk-management practices. In fact, Jackson did more than just weather the storm during the Great Recession of 2008-2009, having survived that past financial crisis with products that were well designed—and *without* the need for capital support from the government.

Our proven hedging strategy is based on managing the economic risks in the business and protecting statutory solvency in the circumstances of larger market movements. As a result, Jackson consistently exceeds the minimum capital required to fulfill contract-owner obligations, even in extreme market conditions.

### **5 | What natural business hedges are in place to offset some exposure to longevity risk? Do you have other lines of business that could help buffer the risk in the event of a prolonged downturn?**

One of the core tenets of our hedging strategy is the natural offsets across our various products.† Below are some examples:

- Mortality risk from Guaranteed Minimum Death Benefits within our variable annuities provide a hedge against the longevity risk of Guaranteed Living Benefits.
- Our Fixed Index Annuity business provides a natural hedge to the equity risk of our variable annuity living benefits.
- Our life insurance business provides a natural hedge to the longevity risk inherent in Jackson's for-life variable annuity living benefits.
- Our institutional business has primarily floating-rate liabilities and would benefit from low-interest rate scenarios, which helps offset the low-interest rate exposure of the various living benefits.

\* Jackson has \$297.6 billion in total IFRS assets and \$269.5 billion in IFRS policy liabilities set aside to pay primarily future policyowner benefits (as of December 31, 2019). International Financial Reporting Standards (IFRS) is a principles-based set of international accounting standards for reporting financial information. IFRS is issued by the International Accounting Standards Board in an effort to increase global comparability of financial statements and results. IFRS is used by Jackson's parent company.

† An annuity is a long-term, tax-deferred vehicle designed for retirement. The principal value of the variable annuity will fluctuate based on the performance of the underlying investment options, may lose value and involve risks. Earnings are taxable as ordinary income when distributed and may be subject to a 10% additional tax if withdrawn before age 59½.



## 6 | How much money is being set aside to provide the insurance/product guarantees you need?

The capital reserve for the guaranteed living benefits of Jackson's variable annuity products is primarily dependent on regulatory reserving requirements. Jackson determines regulatory reserves and required capital under the statutory accounting principles adopted by the National Association of Insurance Commissioners (NAIC), including practices permitted or prescribed by the State of Michigan. The level of reserves and required capital will reflect many different factors, some examples of which are the moneyness of guarantees, the makeup of the general account investment portfolio, as well as the current level of equity markets, interest rates, and credit spreads.

## 7 | How do Jackson annuities work in all markets?

Jackson offers products that cover the spectrum of risk and reward, designed to perform in all market conditions.

- Asset accumulation through fixed rates and a wide variety of well-known money managers
- Income distribution that provides guaranteed income for life



**BUILDING STRENGTH FOR TOMORROW.  
MAINTAINING STABILITY FOR TODAY.**

**Insurance financial strength ratings are rating agencies' forward-looking opinions about the ability of insurance companies to pay their policies and contracts in accordance with their terms. Insurer financial strength ratings do not refer to an organization's ability to meet non-policy (i.e., debt) obligations. It is important to note financial strength ratings do not apply to the principal amount or investment performance of the separate account or underlying investments of variable products.**

**The value of variable annuity contracts are subject to fluctuation and principal loss based upon the performance of underlying investment choices.**



**As of March 19, 2020, Jackson's financial strength ratings from independent rating agencies are as follows:**

- A.M. Best: A (Excellent) is the third highest of 13 rating categories.
- Fitch Ratings: A+ (Strong) is the fifth highest of 19 rating categories.
- Standard & Poor's (S&P): A+ (Strong) is the fifth highest of 20 rating categories.
- Moody's Investor Services, Inc.: A1 (Good) is the fifth highest of 21 rating categories.

The Comdex score is a ranking composite of the ratings an insurance company has received from the four ratings agencies—A.M. Best, Fitch, S&P, and Moody's (as of 3/19/2020). The Comdex ranking represents a company's standing on a scale of 1 to 100 in relation to all other companies that have been rated by the rating agencies. An insurance company must have ratings from at least two rating agencies to have a Comdex ranking. Jackson's current Comdex ranking is 84, meaning it scores higher than 84 percent of all other insurance companies with multiple ratings.

Asset Rankings	Sales Rankings
<p><i>Out of the 50 largest individual U.S. life insurance companies ranked by total statutory assets, Jackson ranks as the:</i></p> <ul style="list-style-type: none"> <li>• 7<sup>th</sup> largest U.S. life insurance company ranked by total statutory assets<sup>2</sup></li> <li>• 15<sup>th</sup> largest U.S. life insurance company ranked by general account assets<sup>2</sup></li> <li>• 21<sup>st</sup> largest U.S. life insurance company ranked by statutory surplus plus asset valuation reserve and interest maintenance reserve<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>• #1 seller of annuities in the U.S. during 2019<sup>1</sup></li> <li>• Ranked #1 in variable annuity sales in the U.S. during 2019<sup>3</sup></li> <li>• 12<sup>th</sup> largest seller of fixed-rate deferred annuities in the U.S. during 2019<sup>4</sup></li> <li>• 7<sup>th</sup> largest seller of fixed index annuities in the U.S. during 2019<sup>5</sup></li> </ul>

<sup>1</sup> Source: LIMRA/Secure Retirement Institute, US Individual Annuity Participants Report Q4 YTD 2019. Jackson ranks #1 for total annuity sales out of 58 companies that reported sales to the LIMRA/Secure Retirement Institute in Q4 YTD 2019.

<sup>2</sup> Data Source: Statutory financial data per SNL Financial, rankings as of 12/31/2019. The 50 largest companies are a subset of approximately 701 operating individual life insurance companies sourced from SNL Financial. Latest rankings available.

<sup>3</sup> Source: © 2020 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. Morningstar [www.AnnuityIntel.com](http://www.AnnuityIntel.com). Total VA Sales by Company Q4 YTD 2019. Jackson ranks #1 for total VA sales out of 33 companies with reported sales to Morningstar's quarterly sales survey as of Q4 YTD 2019.

<sup>4</sup> Source: LIMRA/Secure Retirement Institute, US Individual Annuity Participants Report Q4 YTD 2019. Jackson ranks #12 for fixed-rate deferred annuity sales out of 53 companies that reported sales to the LIMRA/Secure Retirement Institute in Q4 YTD 2019.

<sup>5</sup> Source: © 2020 AnnuitySpecs.com. All rights reserved. Wink's Sales & Market Report Q4 2019. Jackson ranks #7 out of 62 companies that reported sales in the Wink Sales & Market Report Q4 YTD 2019.

For more information, visit [jackson.com](http://jackson.com).

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**Before investing, investors should carefully consider the investment objectives, risks, charges, and expenses of the variable annuity and its underlying investment options. The current contract prospectus and underlying fund prospectuses, which are contained in the same document, provide this and other important information. Please contact your financial professional or the Company to obtain the prospectuses. Please read the prospectuses carefully before investing or sending money.**

Fixed Index Annuities are also referred to as Fixed Annuities with Index-Linked Interest in the contract.

Add-on benefits are available for an extra charge in addition to the ongoing fees and expenses of the variable annuity and are subject to limitations and restrictions. There is no guarantee that a variable annuity with an add-on benefit will provide sufficient supplemental retirement income.

Annuities are issued by Jackson National Life Insurance Company (Home Office: Lansing, Michigan) and in New York, by Jackson National Life Insurance Company of New York (Home Office: Purchase, New York). Variable annuities are distributed by Jackson National Life Distributors LLC, member FINRA. These contracts have limitations and restrictions. Jackson issues other annuities with similar features, benefits, limitations, and charges. Contact Jackson for more information.

Jackson® is the marketing name for Jackson National Life Insurance Company® and Jackson National Life Insurance Company of New York®. Jackson National Life Distributors LLC.

Not FDIC/NCUA insured • May lose value • Not bank/CU guaranteed • Not a deposit • Not insured by any federal agency

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