



Explore the benefits of advisory annuities

Integrating annuities into today's advisory practice



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It's no surprise that managed accounts are becoming more popular. Many financial professionals are using such accounts to help clients pursue their financial goals rather than sell them products. As the business model shifts and gains popularity, consider that advisory annuities can:

- Provide **diverse benefits** to your clients including tax deferral,* income protection and legacy wealth-transfer options
- Offer additional value to your clients through **cost transparency** and **flexibility**
- Help make managing your business easier with **platform integration**

What is an annuity?

An annuity is a long-term, tax-deferred vehicle designed for retirement and is an insurance contract. Variable and registered index-linked annuities involve investment risks and may lose value. Earnings are taxable as ordinary income when distributed. Individuals may be subject to a 10% additional tax for withdrawals before age 59½ unless an exception to the tax is met.

* Tax deferral offers no additional value if an annuity is used to fund a qualified plan, such as a 401(k) or IRA, and may be found at a lower cost in other investment products. It also may not be available if the annuity is owned by a legal entity such as a corporation or certain types of trusts.

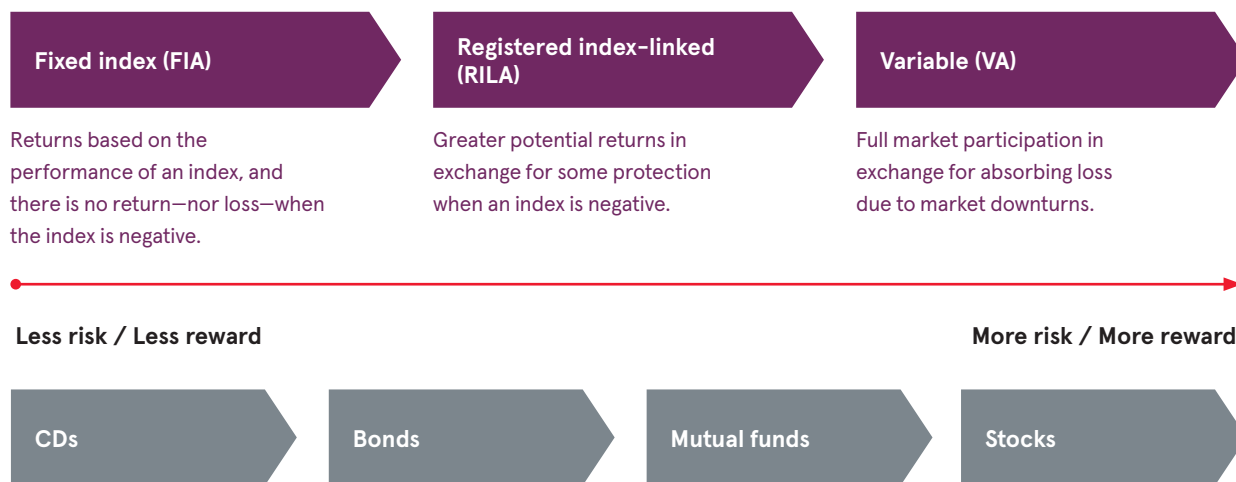


Provide diverse benefits to your clients with annuities

Although annuity design has evolved in the last decade, the core value propositions are essentially the same. Annuities potentially can serve multiple purposes in your clients' accumulation and distribution phases of retirement. In other words, annuities can be flexible for the variety of client goals. And, as with any investment, annuities can be selected based on a balance between the risk and reward of the specific product.

Fee-based annuities have been around for more than a decade, yet some investors still aren't sure how these fit into an overall financial plan. To understand them better, let's look at different types of annuities (along with various investment types) and how they're commonly used in clients' plans.

Annuity types



Investment types

This risk spectrum is for illustrative purposes only, is not intended as a complete comparison of all characteristics of the referenced investments and does not showcase all potential differences and risks.



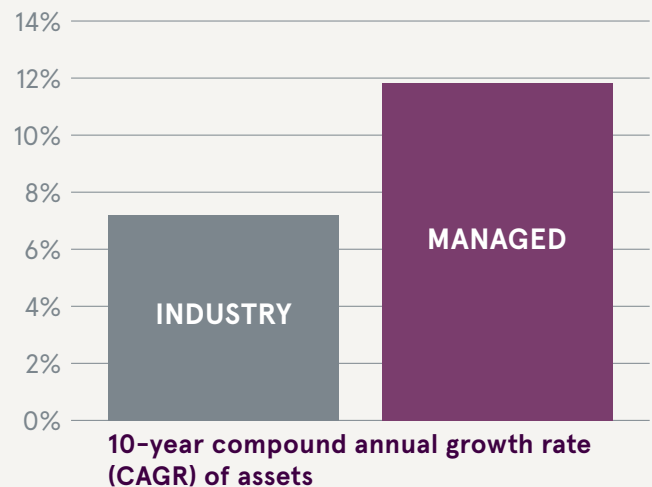
Offer additional value to your clients with advisory annuities

When client needs are identified and matched to the right kind of annuity, there is the question of whether an advisory share class makes the most sense for you and your client. More financial professionals are becoming registered appropriately and managed accounts are becoming compatible with annuities. Modern advisory annuities are also being designed for fiduciary relationships with built-in added value: **cost transparency** and **flexibility**. These two attributes provide an opportunity for you to align with your clients' goals.

We all probably can agree that the client/financial professional experience is enhanced when the cost involved is transparent. Annuities, of course, come with a cost depending on the product type and benefits selected, but the value can be significant. If retirees gain value from increased cash flow, tax deferral,* and greater portfolio and legacy protection, annuities can complement the overall financial plan.

COMPOUND ANNUAL GROWTH RATE OF ASSETS¹

According to Cerulli, U.S. managed accounts are growing faster than industry assets overall.¹ And along with the rise of managed accounts, advisory annuities have evolved and can now be easily integrated into your business.



¹ The Cerulli Report, "U.S. Managed Accounts 2024: Strengthen and Scale Advisory Solutions" (2024), 129.

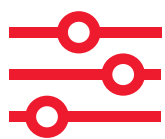
Key considerations for advisory annuities

- **Annuities are available in an advisory share class.** Advisory annuities generally have lesser internal expenses than traditional VAs and greater caps for RILAs and FIAs.
- **No surrender charges, withdrawal charges, or contingent deferred sales charges.**[†] Your clients' money is not locked up, which means they are not necessarily penalized for walking away from the contract.
- **Advisory annuities within managed accounts can be flexible.** Although they still have the same tax rules as other annuities, including the tax penalties on gains distributed prior to age 59½, there is flexibility to discount advisory fees.[‡]

* Tax deferral offers no additional value if an annuity is used to fund a qualified plan, such as a 401(k) or IRA. It also may not be available if the annuity is owned by a legal entity such as a corporation or certain types of trusts.

[†] With variable annuities, a contract charge and subaccount charges apply. Add-on benefits are available for an extra charge in addition to the ongoing fees and expenses of the variable annuity and may be subject to conditions and limitations. There is no guarantee that a variable annuity with an add-on living benefit will provide sufficient supplemental retirement income. A market value adjustment (MVA) may apply to withdrawals from the fixed index annuities and registered index-linked annuities. The MVA may result in an increase or decrease to amounts removed from the contract. Additionally, withdrawals from registered index-linked annuities may be subject to an interim value adjustment.

[‡] The cost of an advisor's fees should be considered, which are based on the total assets in the fee-based program.



Help make managing your business easier with platform integration

Financial professionals who routinely recommend advisory annuities like to have everything in one place and integrated into their business. Advisory annuities allow you to:

- **Generate a client proposal from your desktop.** Many advisory platforms can create an annuity illustration without you ever leaving your wealth-management desktop.
- **Reduce the amount of paperwork needed.** Some wealth-management desktops integrate annuity order entry and automatically populate information from the client proposal. That means no duplicate data entry is performed.
- **Validate licensing information automatically.** As part of electronic order entry your licensing information is confirmed with the insurance carrier to make sure that there are no appointment or product-training issues prior to submission.
- **Provide an application that can be signed electronically.** Because the process is electronic and there are business rules in place to make sure all the required fields are completed, electronic signatures are permitted.
- **Consolidate the annuity with other managed assets.** When the contract is issued, the annuity is with the rest of the client's managed assets and fees are charged in a similar way.
- **Calculate performance with the annuity as part of the household performance number.** As statements are distributed, the annuity can be considered another account in the household or another position in the account.
- **Debit advisory fees.** Because many wealth-management platforms incorporate the annuity as part of the managed account, most financial professionals use the cash position in the portfolio to pay for all of the management fees, including for the annuity. If you have questions about how to set up the advisory fee—based on the variety of platforms and systems—contact your back office.

Conclusion

Ultimately, the trend toward advisory annuities within managed accounts comes down to creating better client experiences. Advisory annuities can help establish long-term, multigenerational relationships that aren't that focused on products, but on goals, needs, and wants. Specifically, advisory annuities can:

- Provide **diverse benefits** to your clients
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¹ The Cerulli Report, "U.S. Managed Accounts 2024: Strengthen and Scale Advisory Solutions, 2024.

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 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.

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Fixed index annuities are also referred to as fixed annuities with index-linked interest in the contract.

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