



Financial Security...for Life.



Retirement Security Presentation

The Federal Advisory
Committee on Insurance
Public Meeting

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February 10, 2015

Agenda

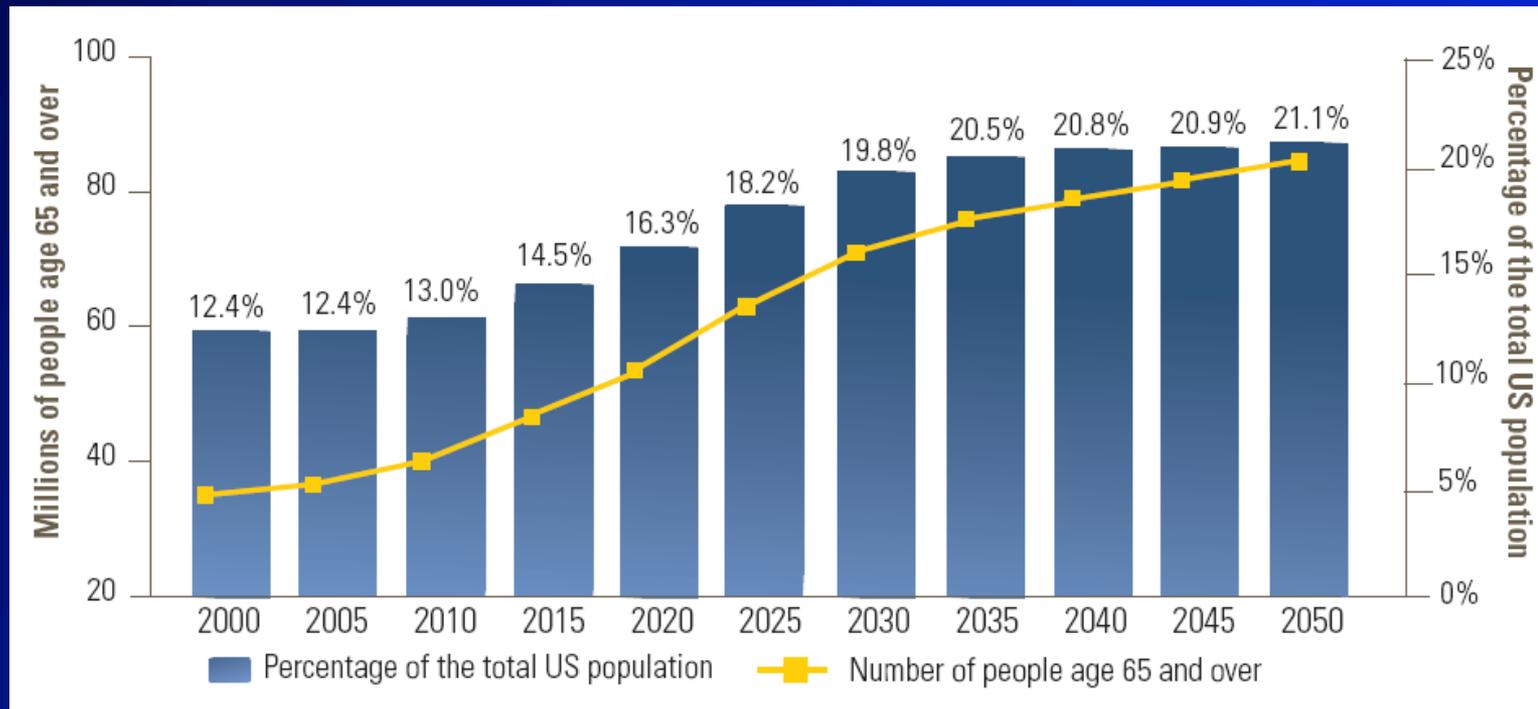


- The Changing U.S. Retirement Landscape
- Guaranteed Lifetime Income Products – Annuities
- Administration’s Initiative on Lifetime Income
- Regulation of Annuity Products

An Aging Population



Number of People Age 65 and Older in the U.S.



Assets in Private DB vs. DC Plans



Year	Assets in Defined Benefit Plans	Assets in Defined Contribution Plans
1970	82.8%	17.2%
2013	37.9%	62.1%

Life Insurers Hold \$4.3 Trillion in Long-term Savings



1 in every 6 dollars

- Life Insurers: \$1.2 trillion (20% of DC plans)
- Life Insurers: \$790 billion (1.2% of IRAs)
- Life and Individual Annuities (\$2.3 trillion)

Distribution of Life Insurer Premiums by Line of Business*



Year	Life Insurance	Annuities
1970	85.4%	14.6%
2013	31.2%	68.8%

*Only annuities and life insurance are considered. Excludes accident and health.



“People always live for ever when there is an annuity to be paid them.”

--Jane Austen, *Sense and Sensibility*

Annuity Owners Are Middle Income



- 8 in 10 (80%) of annuity owners have income below \$100,000
- 35% have income below \$50,000
- only 7% have income greater than \$200,000

Annuity Owners Are Older



- 65% are retired
- the average age of an annuity owner is 70
- 51% of annuity owners are women



Annuity Owners Feel Financially Prepared

- 82% say annuities are safe and an important source of retirement security
- 90% say an annuity is an effective way to save for retirement
- 84% say they intend to use the annuity for retirement income
- 87% say they intend to use the annuity as a financial cushion for living beyond life expectancy
- 79% say they intend to use the annuity to avoid being a financial burden on children



Administration's Lifetime Income Initiatives

Treasury

- Qualified Longevity Annuity Rule (*July 2014*)
- Target Date Funds with Lifetime Income Features (*Notice 2014-66*)

Department of Labor

- Lifetime Income Illustrations on Benefit Statements (*Agenda July 2015*)
- Annuity Selection Rule (*Agenda October 2015*)

Regulation of Annuity Products

State Insurance Departments



Financial Regulation
Statutory Accounting Principles
Risk Based Capital Standards
Exams and Audits



Consumer Protection
Senior Credentials
Disclosure and Suitability
Replacement Regulations



Company Licensing



Product Regulation

Market Conduct

National Association of Insurance Commissioners

Voluntary organization of state insurance Commissioners dedicated to coordination and collaboration across the state and with federal and international regulators – No statutory authority for enforcement

Securities and Exchange Commission / FINRA

Variable Products are treated as Securities. Requires prospectus and can only be sold by agents/brokers with appropriate licenses



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