

ANNUITY MARKET ASSESSMENT

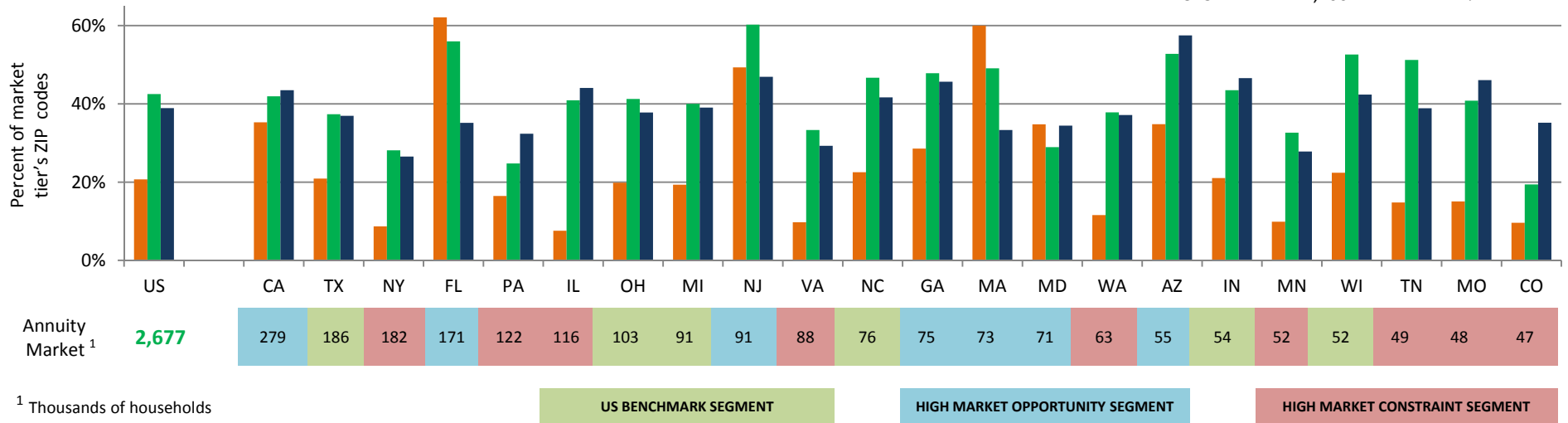


Retail annuity market conditions define advisor market segments for distributors

Low 2013 Inflows in High Potential Markets Represent Current Opportunity

Annuity Market's Geographic Concentration		
Retail Market Tier	US ZIP Codes	Percent Market Households
Tier 1	7,000	70%
Tier 2	2,400	11%
Tier 3	4,200	11%

Percentage of ZIP code-level markets with 2013 DTCC-reported inflows that was below retail market potential



¹ Thousands of households

Analytically derived from recent annuity buying behavior, today's annuity market – the source of inflows – represents about 5 million individuals in 2.7 million households. Dozens of carriers, several hundred broker dealers, and 700,000 advisors with insurance and/or securities licenses sell over 3,500 annuity products to this market. Because the industry's retail market is highly concentrated – Tier 1's 7,000 ZIP codes – industry inflows sourced from these ZIP codes is a key distribution metric.

The graph's bars show where 2013's annuity industry inflows resulted in unmet market potential. Tiers represent levels of retail market concentration, encompassing 92% of the retail annuity market and 40% of US ZIP codes. While there are variations within each state, low market penetration in 18 states (39% of the market) is represented by the HIGH MARKET OPPORTUNITY SEGMENT; above benchmark penetration in 22 states (37% of the market), HIGH MARKET CONSTRAINT; US BENCHMARK, 11 states (24% of the market).

Given the industry's lower penetration of Tier 1's current potential, advisors in states such as CA, FL, and AZ can grow their market by acquiring more annuity buyers and larger contracts. Advisors in HIGH CONSTRAINT markets such as NY, IL, and VA grow primarily by winning market share, the zero-sum game. Distributors can position for near and longer term production growth by targeting relationships and practices with programs that specifically address these market challenges and opportunities.

Developed by Information Asset Partners, Annuity Market Assessment's analytics support all aspects of annuity marketing by integrating quarterly ZIP code-level retail and institutional data. Visit www.annuitymarketassessment.com for further information.

Source: Analytic Reporting for Annuities from the Insurance & Retirement Services of National Securities Clearing Corporation, a DTCC Subsidiary. Visit www.dtcc.com/analytics for more information or contact your [I&RS Relationship Manager](#).