



Providing Retirement Security

Balancing Value and Risk in Lifetime Income Solutions

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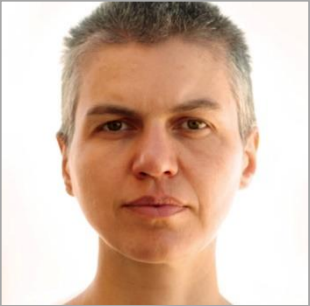
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During a person's working lifetime, life insurers can provide support for saving and investing toward a secure retirement



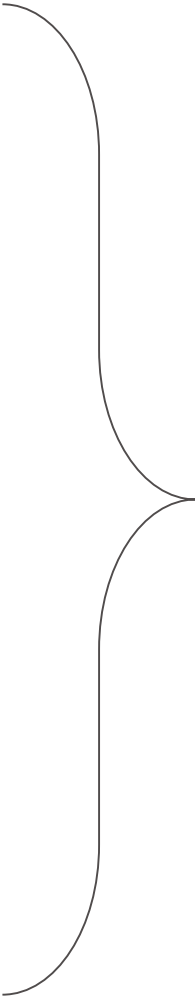
New Hire



Mid Career



Near Retiree

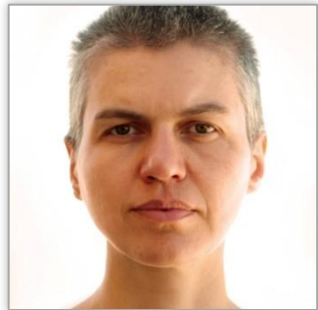


Insurers can help individuals achieve retirement readiness through all stages of their careers

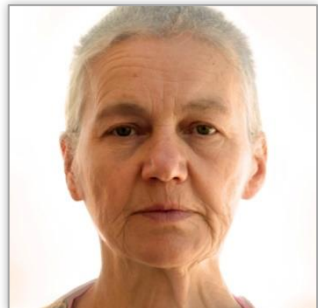
During a person's working lifetime, life insurers can provide support for saving and investing toward a secure retirement



New Hire



Mid Career



Near Retiree

BEHAVIORS



Procrastination



Longevity Disconnect



Optimism Bias



Impulse



Paralysis



Overreaction

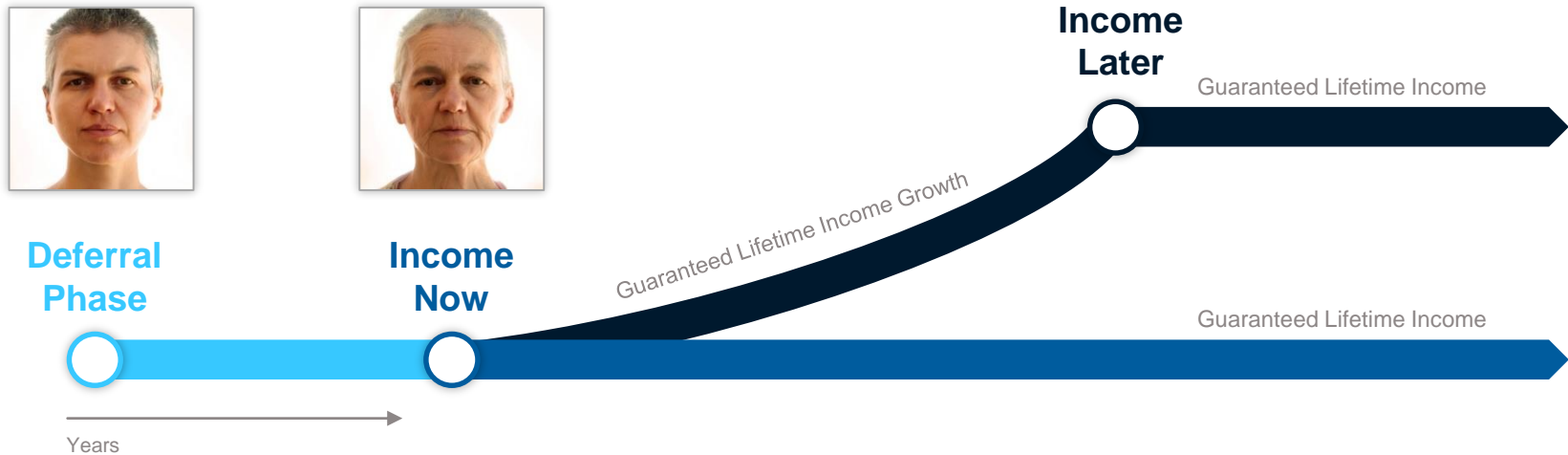
STRATEGIES

Auto-enrollment

Auto-escalation

Target Date Funds

For Individuals at or Near Retirement, A Lifetime Income Product Offers an Investment and Income Solution



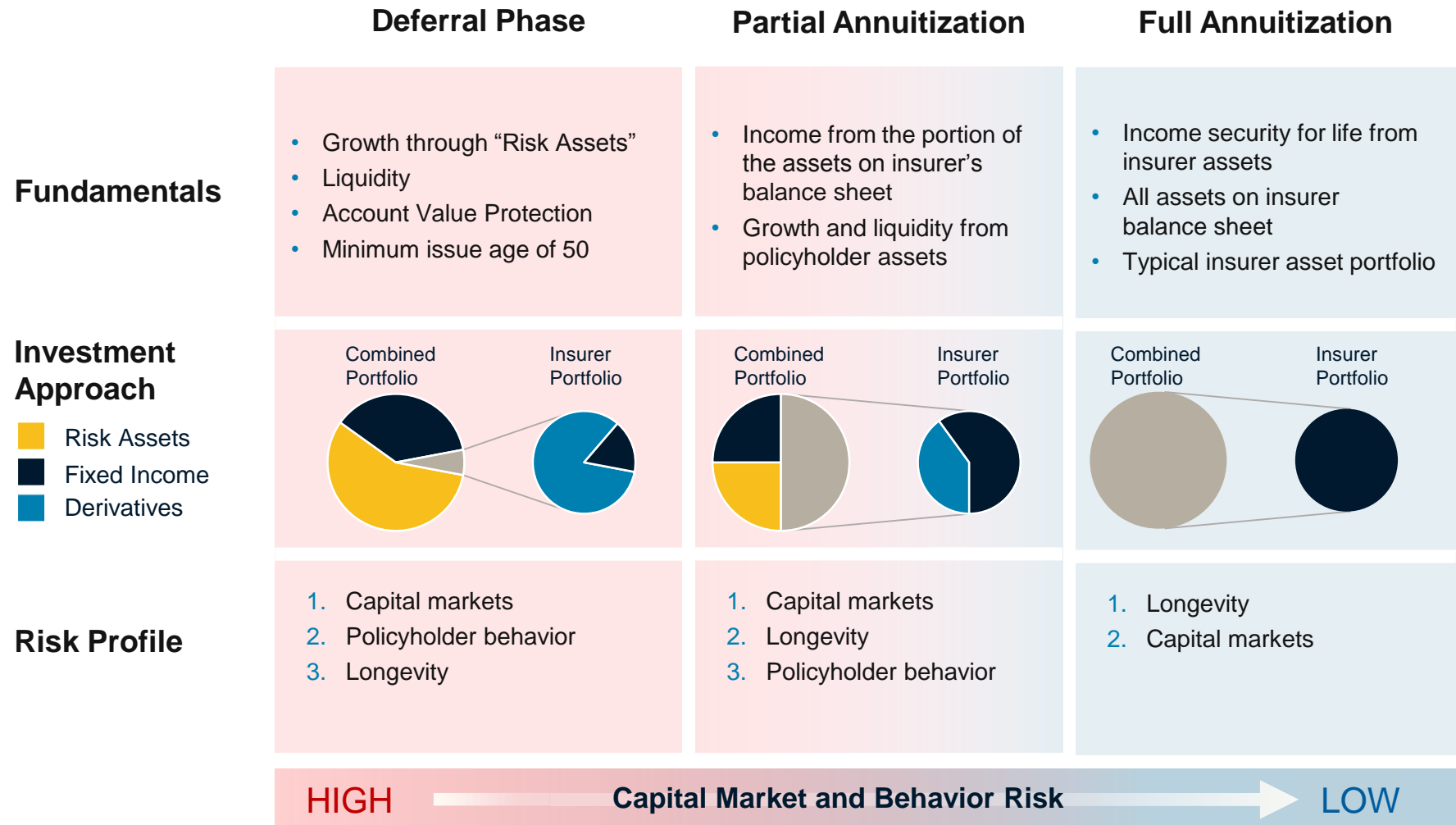
Income Now

- A predictable annual income stream for life, without stock market exposure
- A built-in death benefit for your loved ones

Income Later

- The option to defer some or all withdrawals and further grow your income
- The flexibility to access some or all of your funds (subject to contract terms)
- Guaranteed income at a reasonable cost

A Lifetime Income Product Can Benefit From Best Practices in Hedging, Investing and Product Design



Allocation to risky assets decline over time and in the annuitization phase, the insurer portfolio is safe in bonds and loans

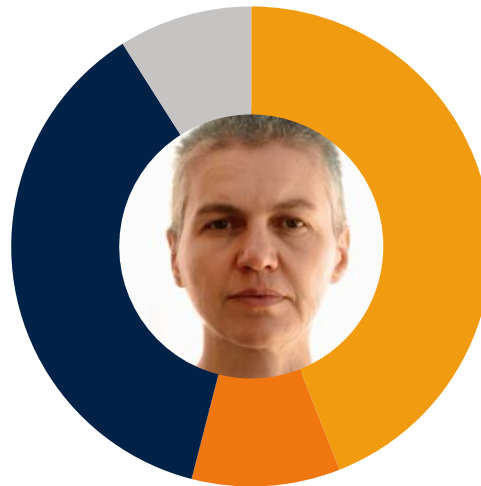
Accumulation Phase*
Target Date Portfolio
 (40 Years Old)



- 55% ■ Domestic Equity
- 20% ■ International Equity
- 16% ■ Fixed Income
- 9% ■ Non-Traditional

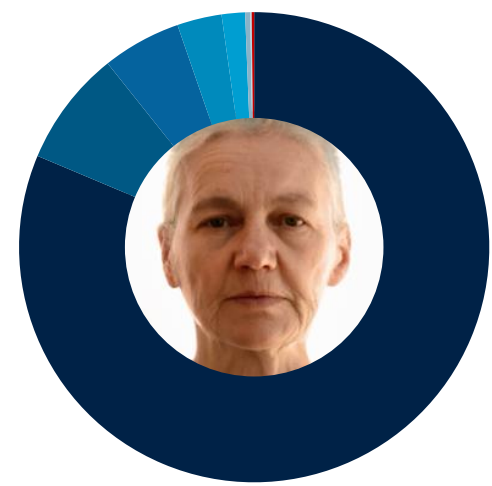
* Before an individual enters into a lifetime income product

Deferral Phase
Target Date Portfolio
 (55 Years Old)



- 44% ■ Domestic Equity
- 10% ■ International Equity
- 37% ■ Fixed Income
- 9% ■ Non-Traditional

Annuitization Phase
Insurer Portfolio
 (Post Retirement)



- 81.63% ■ Investment Grade Corporates
- 7.97% ■ Commercial Mortgage-Backed Securities
- 5.44% ■ High Yield Corporates
- 3.08% ■ U.S. Municipal
- 1.61% ■ Emerging Markets
- 0.35% ■ Bank Loans
- 0.1% ■ Non-U.S. Government
- 0.17% ■ Cash & Equivalents

Allocation to risky assets decline over time and in the annuitization phase, the insurer portfolio is safe in bonds and loans

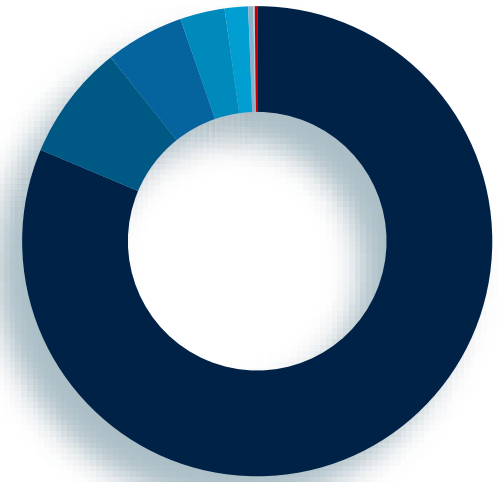
Accumulation Phase*
Target Date Portfolio
(40 Years Old)



Deferral Phase
Target Date Portfolio
(55 Years Old)



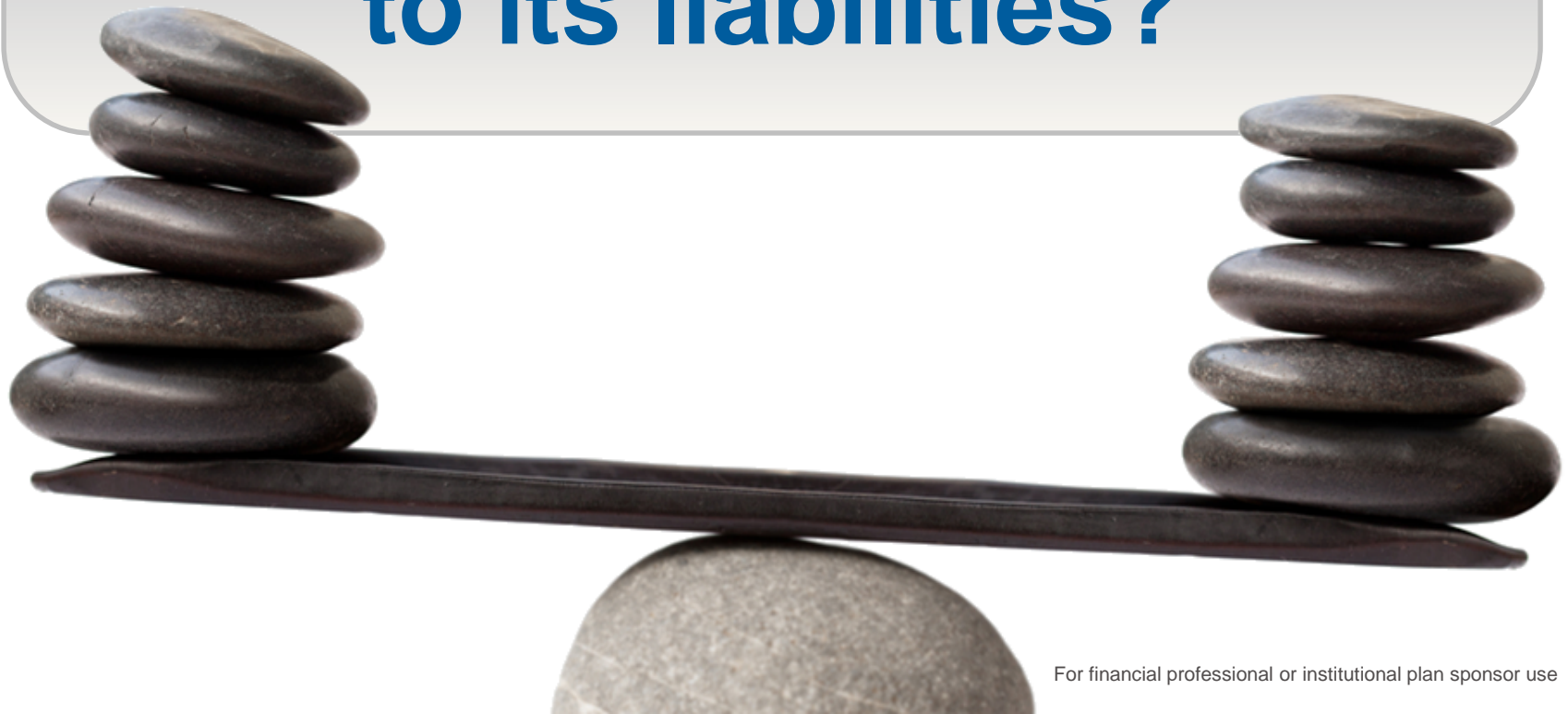
Annuitization Phase
Insurer Portfolio
(Post Retirement)



The insurer portfolio adds value for our customers through corporate bonds, mortgages, loans and other spread-oriented fixed income assets

*Before an individual enters into a lifetime income product
For illustration only.

How does the insurer carefully match assets to its liabilities?



In the U.K., Insurers Carefully Combine Liquid and Illiquid Fixed Income Selected for Duration, Yield or Inflation Protection

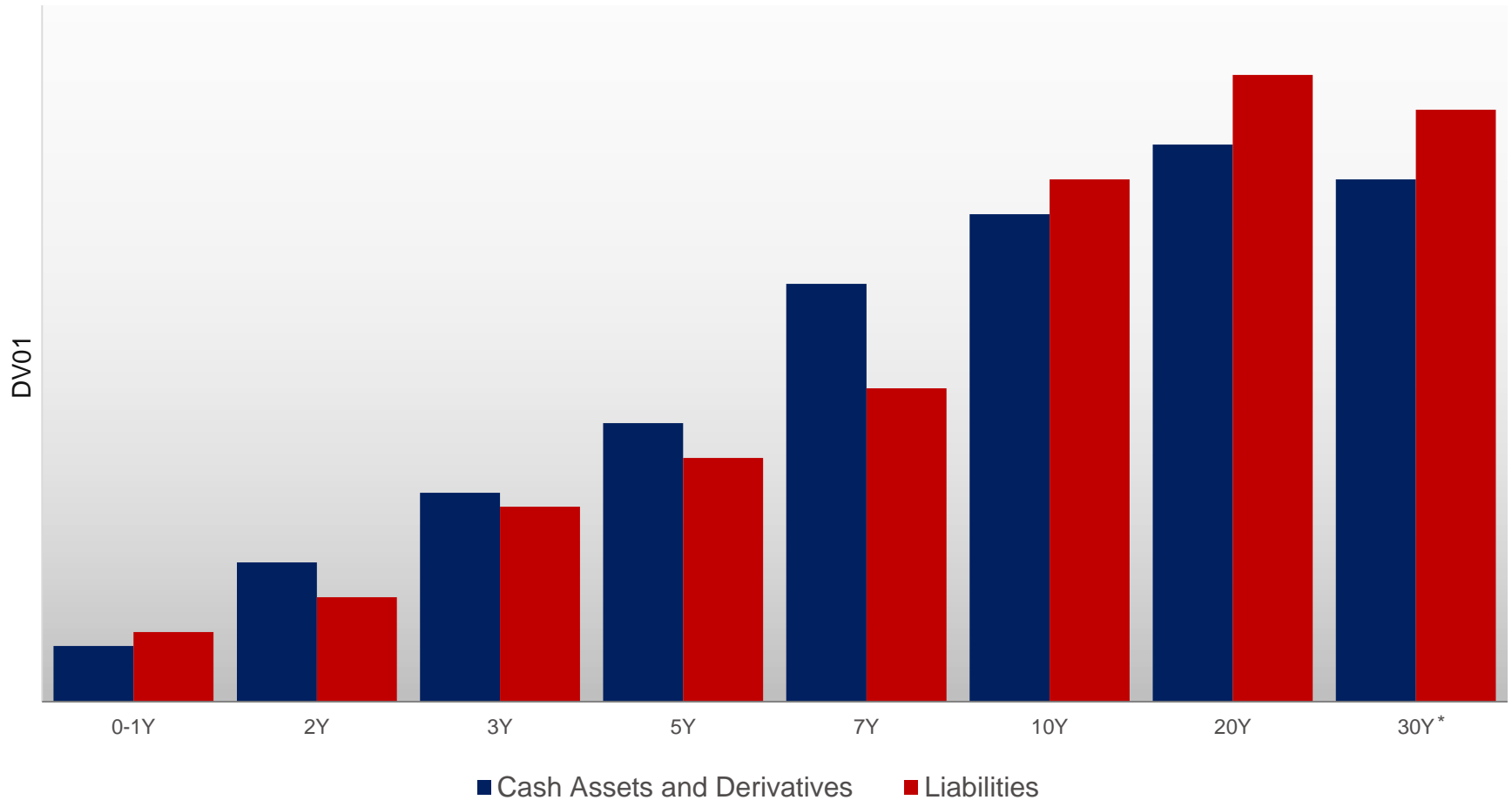
	Liquidity	Duration	Yield	Inflation Protected
U.K. Government Bonds	High	Low	Low	Low
U.K. Inflation Linked Government Bonds	High	Low	Low	High
National Rail Bonds	High	Low	Low	Low
Covered Bonds	High	Low	High	Low
Corporate Bonds	High	Low	High	Low
CLOs	High	Low	High	Low
University Housing and Social Housing	Low	High	High	Low
Commercial Mortgages	Low	High	High	Low
Private Placement Loans	Low	High	High	Low
Infrastructure Loans	Low	High	High	Low
Inflation Linked Ground Leases	Low	High	High	High

The overall yield of the portfolio achieves substantial spread over risk free

This investment activity is fundamental to economic growth

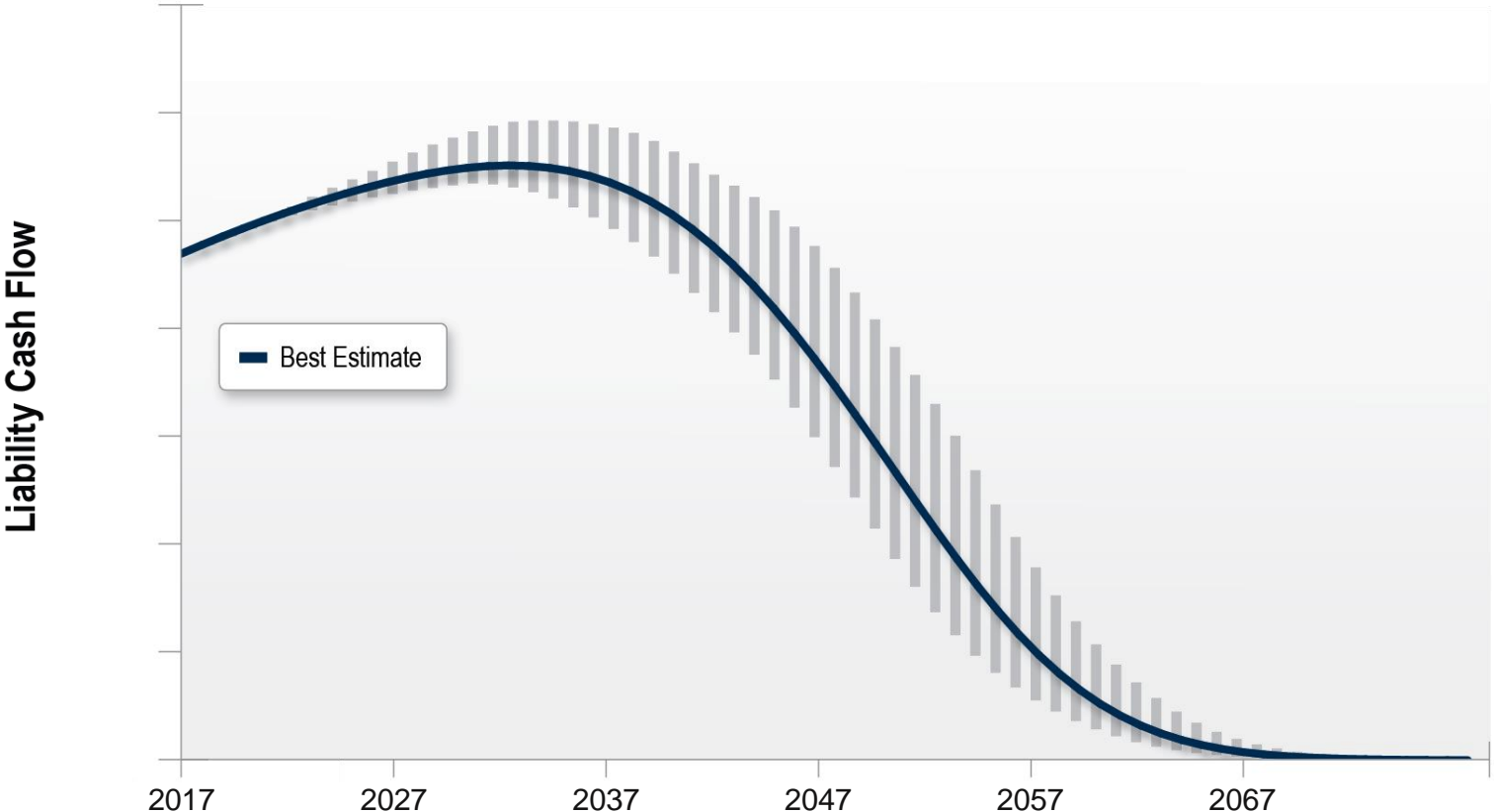
Cash flow is matched to the liability as closely as possible and swaps may be used to improve the match

With These Insurer Portfolios, it is Possible to Control Key Rate Duration Risks

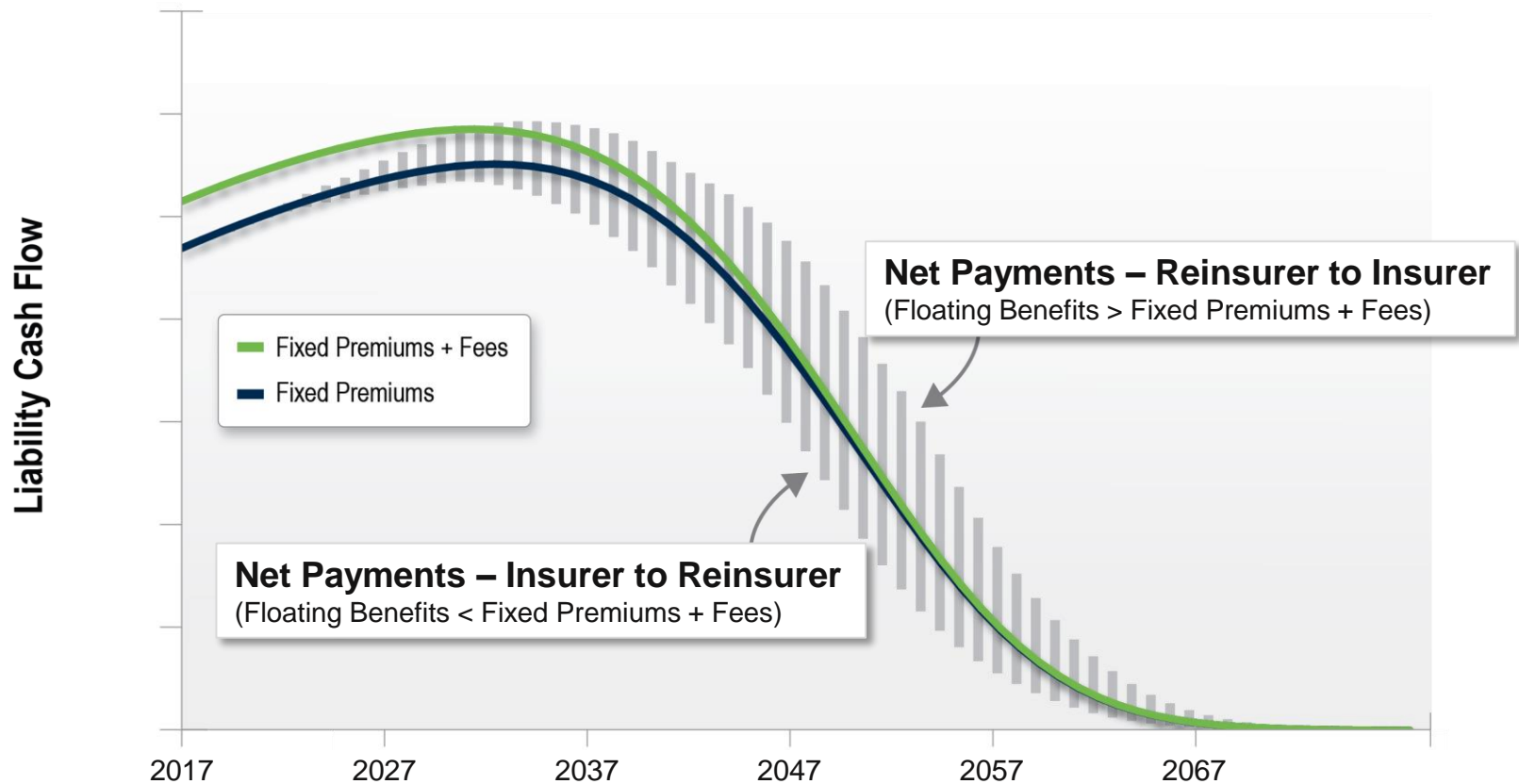


Source: Prudential. This is only an illustrative example of a typical portfolio backing a group annuity.
*A small amount of liability is longer than 30 years and can be invested in government bonds.

Longevity Risk Can Be Balanced With Mortality Exposure, or Reinsured



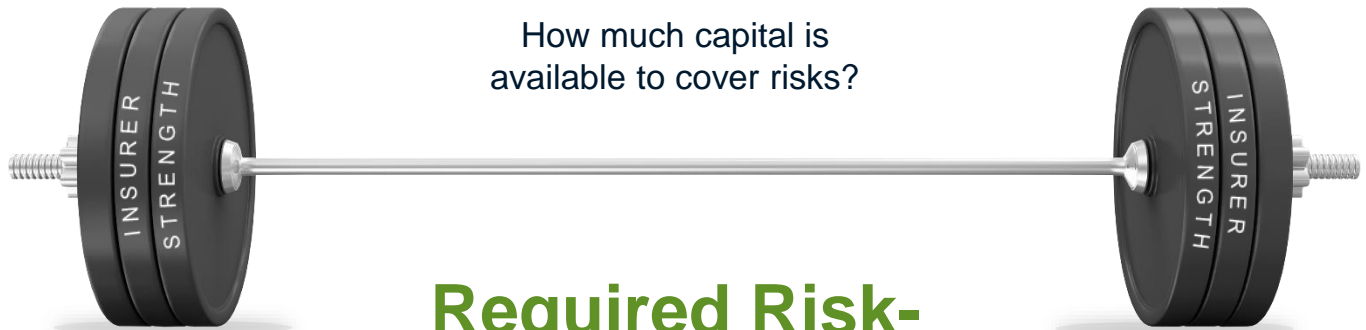
Longevity Reinsurance Converts an Unknown Future Liability Into a Fixed Payment Over Time



The Right Capital Requirements Help Life Insurers Balance Value and Risk in Lifetime Income Solutions

CAPITAL
RATIO

=



Available Capital

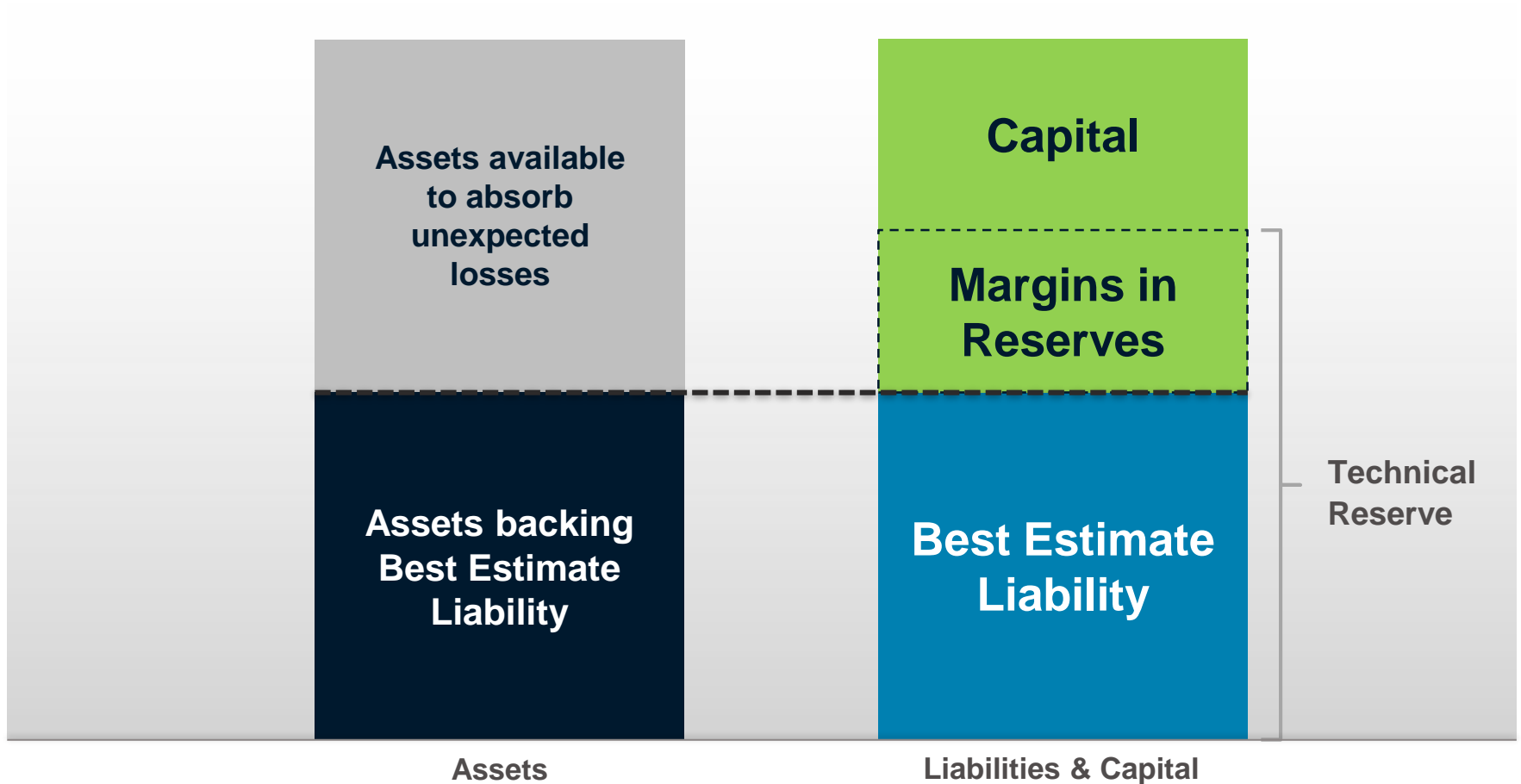
How much capital is available to cover risks?

Required Risk-Based Capital

How much capital should be required, based on the risks?

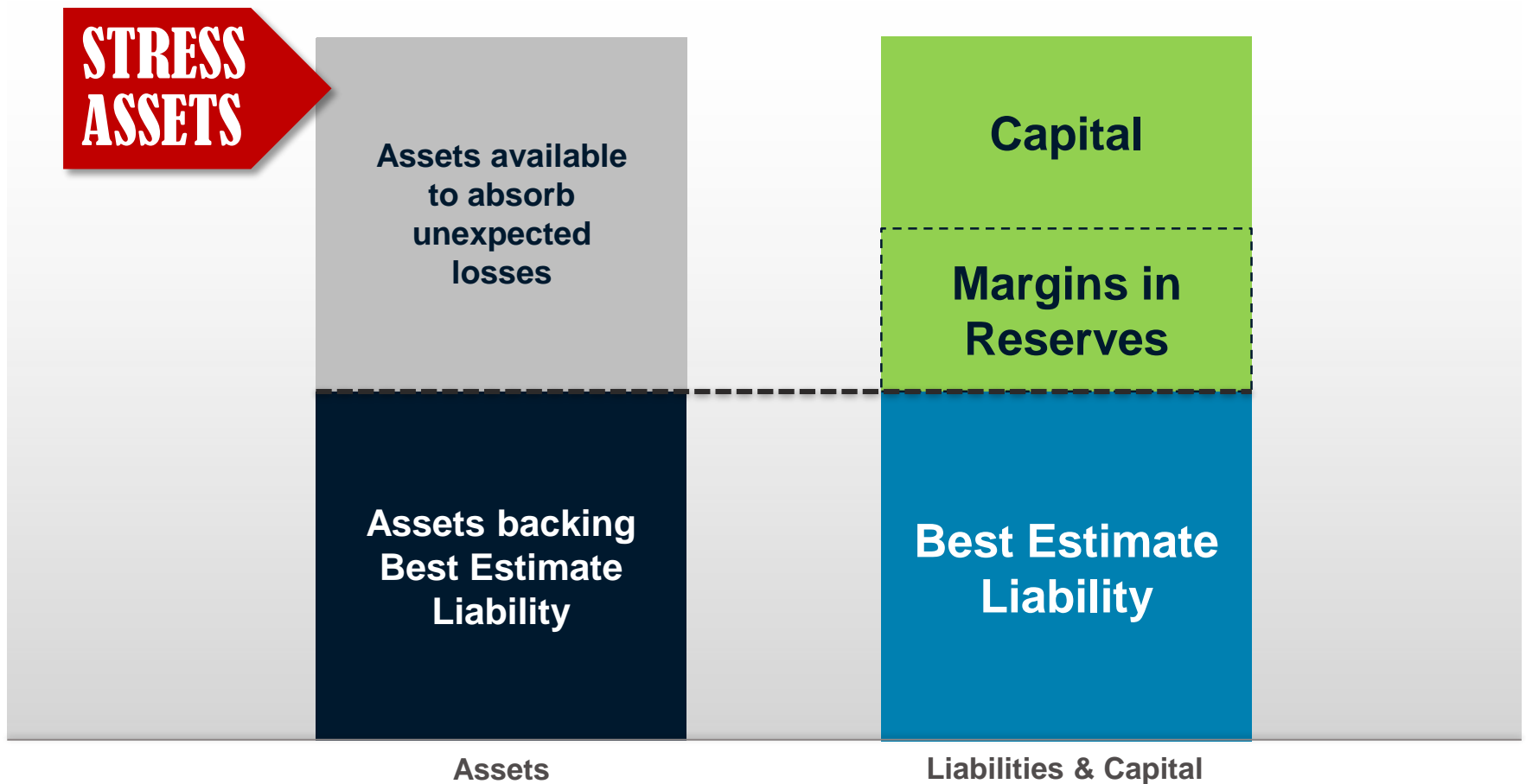
Capital Covers the Risk of Loss in the Event That Assets and/or Liabilities Are Stressed

Insurer Balance Sheet



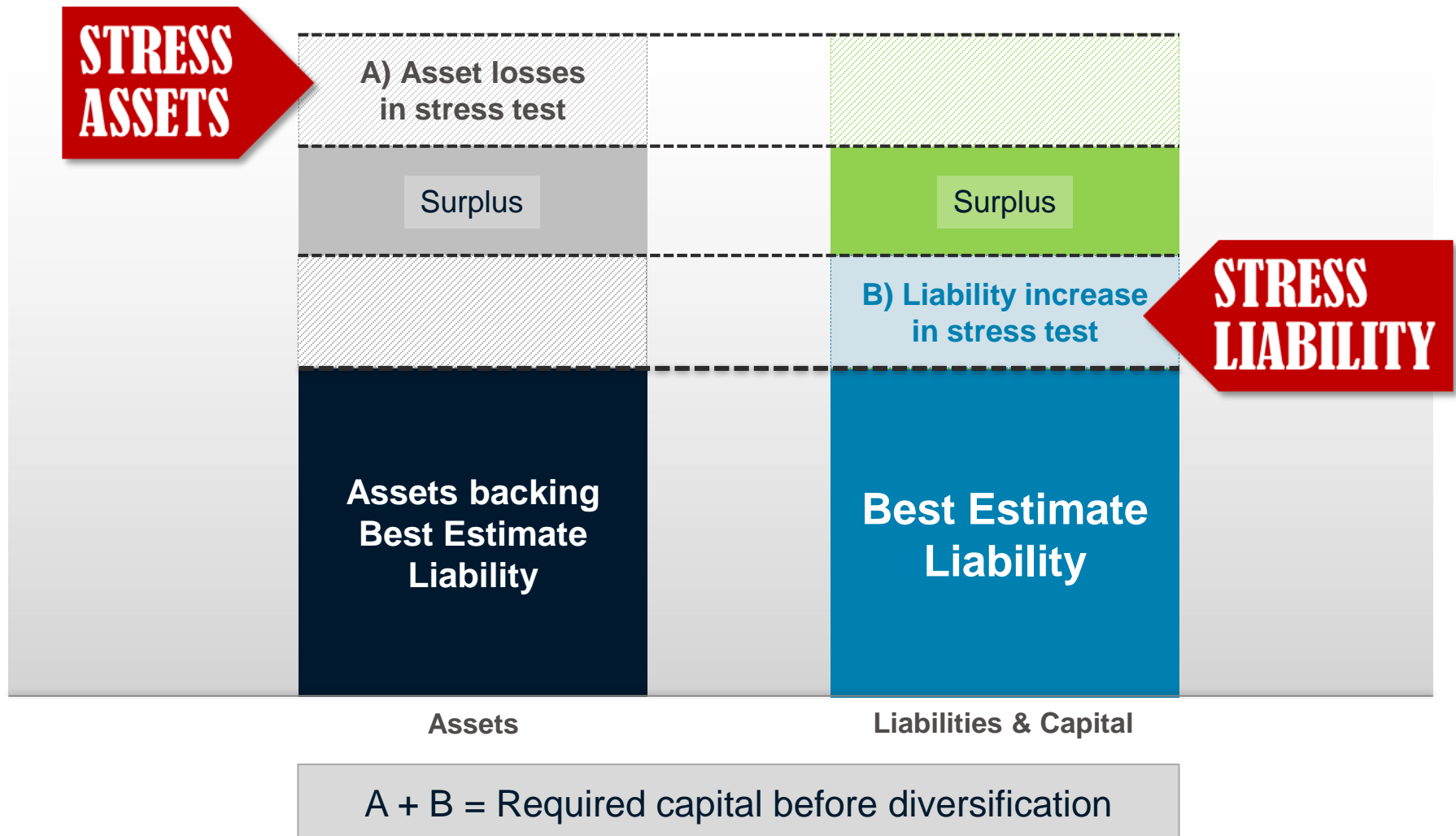
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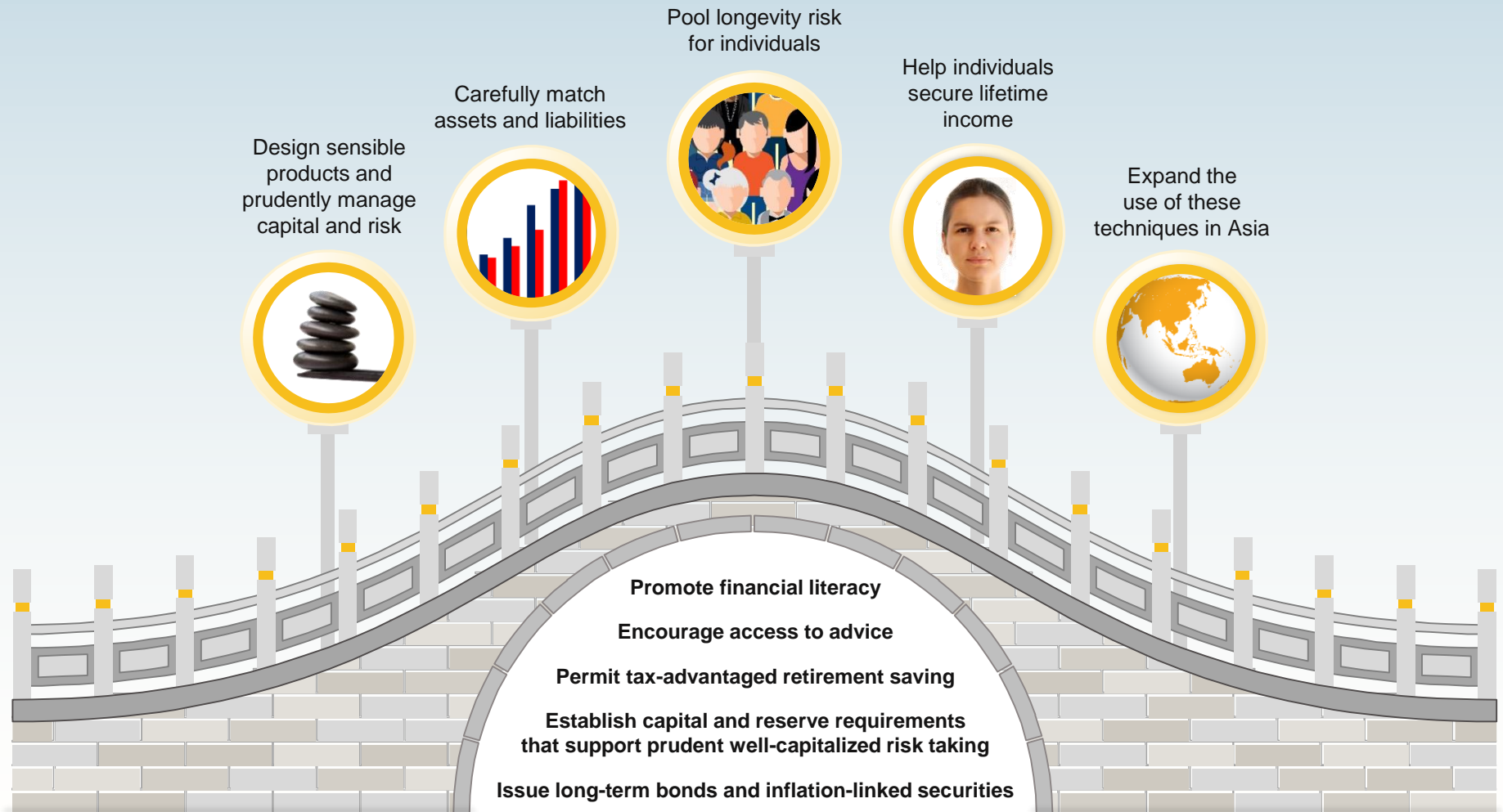
Capital Covers the Risk of Loss in the Event That Assets and/or Liabilities Are Stressed

Insurer Balance Sheet



Creating Retirement Security

Together, regulators, policymakers and the insurance community can build the bridge to retirement security for real people in Asia.





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