

MetLife[®]



Achieving Retirement Income Security

**EBRI
Decumulation/Retirement Income
in Defined Contribution Plans
May 7, 2009**

L0409034700[exp0410][All States][DC]

Retirement Market Research

87% say workers should have pensions

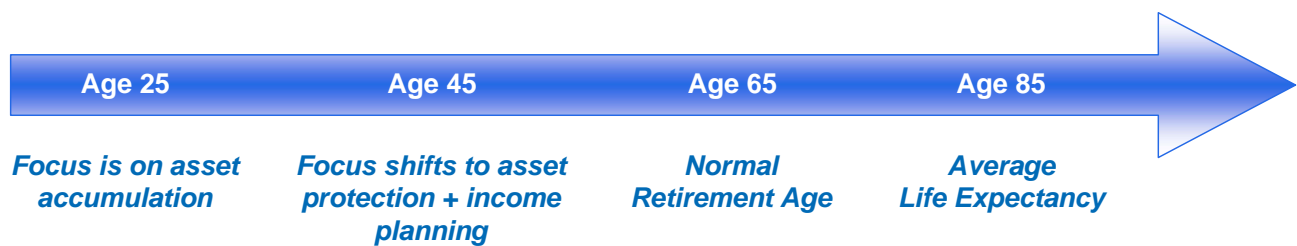
Almost 9 in 10 Americans believe workers should participate in a DB plan according to the National Institute on Retirement Security survey...workers want plans that offer portability, employer contributions, continuation of benefits for a spouse after death and **a regular check that cannot be outlived**

- P&I Daily, 1/4/09

Research Implications: A Call to Action

- Study of Employee Benefit Trends, 7th Annual, MetLife, March 2009
 - Employees and employers out of synch on a range of retirement issues
 - Gap between what employees are seeking and employers willing to offer
 - **50% of employees express a strong interest in employers providing ways to convert lump sums into income for life; only 21% of employers express interest in doing so**
 - Employees have a growing appetite for advice and guidance with regard to retirement education; 51% would like retirement-related advice in the workplace; only 37% of employers indicate that they have a responsibility to help their employees
 - Employees view retirement benefits (72%) and health care benefits (75%) as an important factor in employee loyalty. Of employees highly satisfied with their benefits, 73% were also satisfied with their jobs
 - **41% of employees consider workplace benefits to be the foundation of their financial safety net**
 - Employers' most important benefit objectives entering 2009 are to retain employees (50%) and to control costs (49%)
 - **Retirement-related concern is on the rise; 65% of employees are concerned about being able to provide healthcare in retirement and 61% are concerned about outliving retirement money**

An Individual's Perspective Should Change Over Time



Insured Solutions (“Annuities”) Mitigate:

Market Risk

Inflation Risk

Longevity Risk

Benefits Of Income Annuities

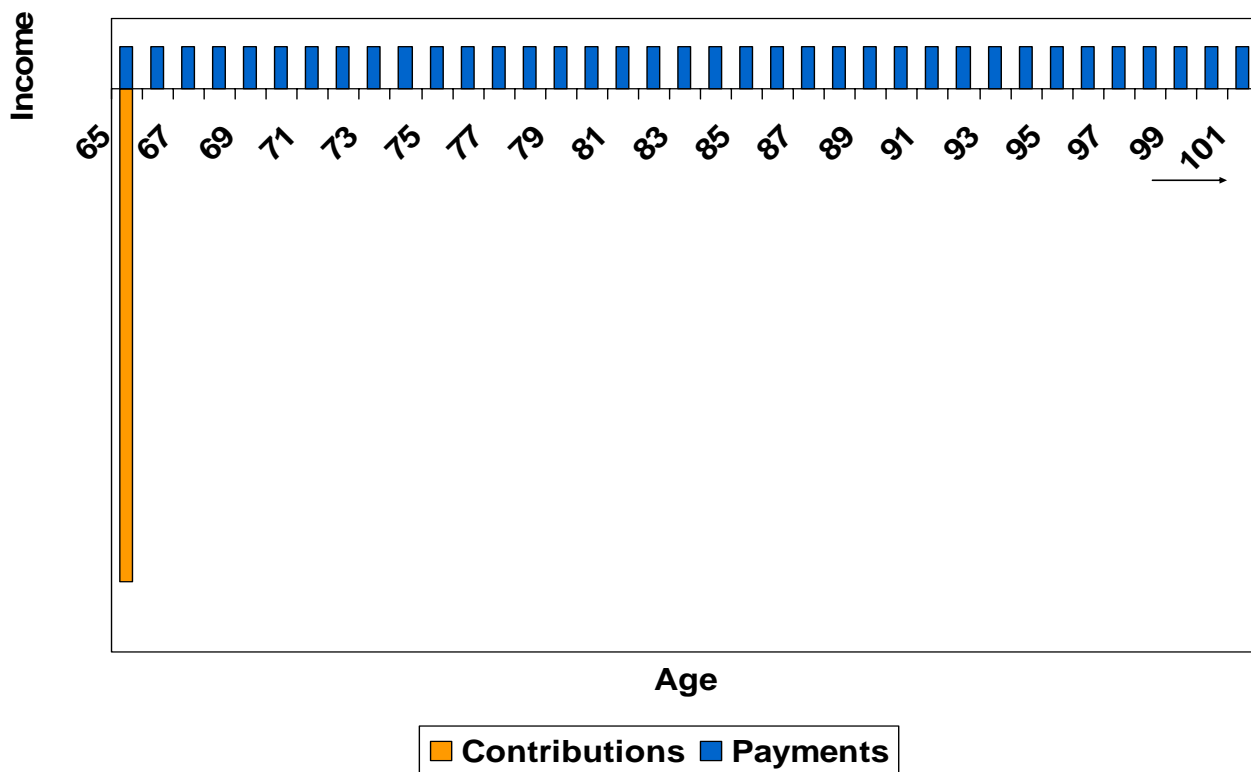
- **Protection**
 - Guaranteed lifelong income
 - Payments that don't decrease
 - Death benefit
- **Flexibility**
 - Withdrawal feature (full or partial)
 - Full range of income payout options
 - Return of premium guarantee
 - Inflation protection options
- **Advantages to the plan participant**
 - Institutional pricing
 - Transfers longevity liability to an insurance company
 - Completes retirement planning cycle

Retirement Income Purchased at Retirement

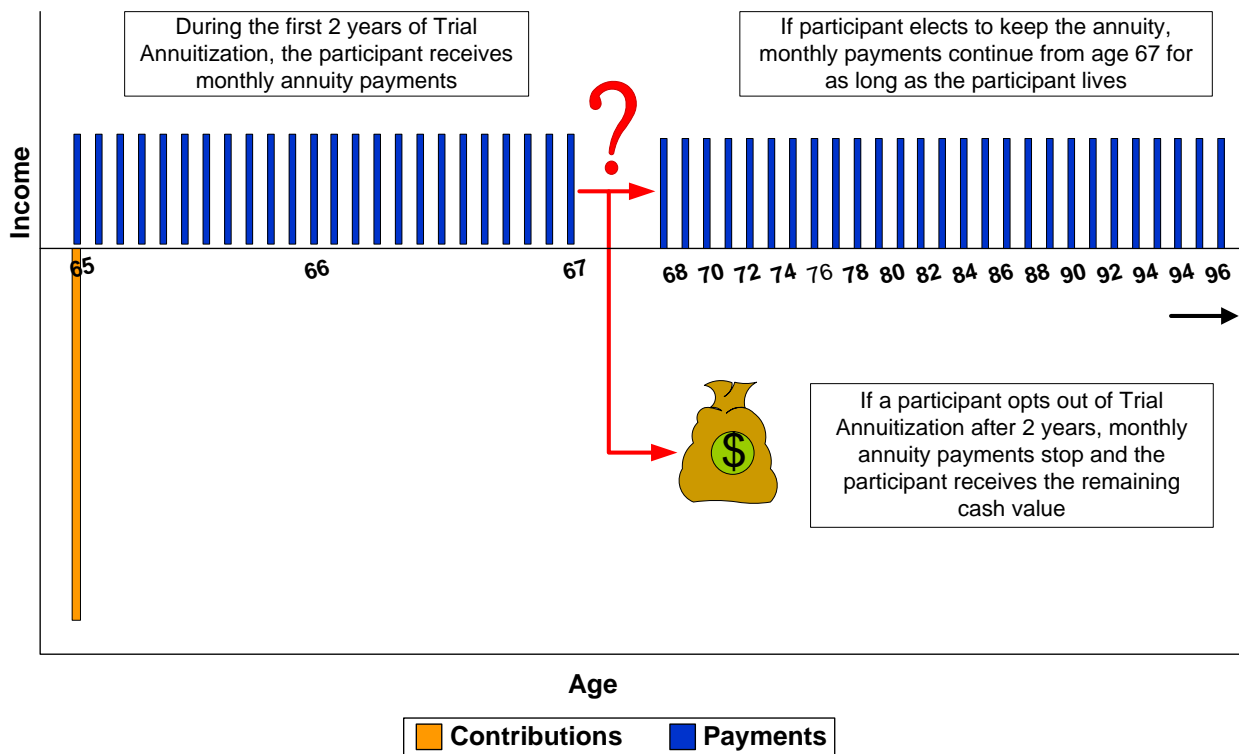


- Income solution as a DC plan distribution or IRA rollover option
 - Single premium insurance products are commonly used
 - Immediate fixed or variable income annuity
 - Deferred fixed income annuity ('longevity')
 - Cost of living adjustments or inflation protection
 - Employer determines
 - Single insurer or platform with multiple insurers

Immediate Income Purchased At Retirement



Automatic Trial Immediate Income Program



Deferred Income Purchased at Retirement

“A 10-15% longevity annuity allocation increases spending 20-30%”

Financial Engines, June 2007, The Longevity Annuity: An Annuity for Everyone?

