

Variable Annuity Exchange

WHAT IS IT?

The Variable Annuity Exchange compares the potential performance of similar products in a common framework with a single set of assumptions. Users can assess and rank products across a number of components including:

- » **Income Benefit**
- » **Death Benefit**
- » **Total Economic Benefit**
- » **Fees Paid**
- » **Fixed Rate Guarantees**

HOW DOES IT WORK?

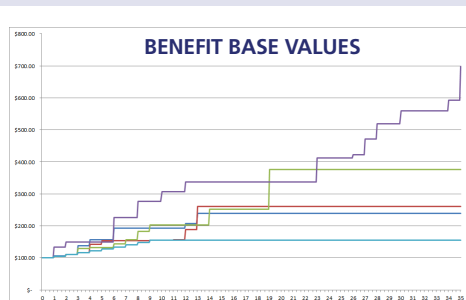
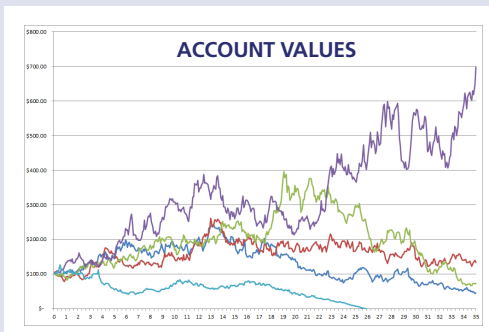
Similar to other CANNEX services, the formulae, rates and parameters specific to each contract are programmed and maintained within the service in partnership with the carrier.

A hypothetical illustration is generated based on the investor's profile and intended use of the contract. Illustrations take into account specific combinations of income benefit and death benefit riders available with a base contract.

To help facilitate the comparison of several contracts, a present value analysis is used to summarize product performance. This is because various benefits and fees may change over time based on the unique rules and parameters of each product. Since it is assumed the investor will hold the annuity for the long term, a mortality table is also applied to the comparative analysis resulting in an Actuarial Present Value (APV). The APV, which is commonly used by product actuaries, forms the fundamental basis for ranking products across each component of the contract depending upon the investor's needs and objectives.

Results can highlight either the minimum guarantees associated with each component or the average performance based on capital markets. Hypothetical performance is based on several thousand market scenarios (i.e., Monte Carlo) to test the potential of each component on an apples to apples basis.

Other support documentation can be provided alongside comparative results including product brochures, specimen documents, and forms.



The unique performance of each contract combination is illustrated on a common basis.

WHY USE THIS METHOD OF COMPARISON?

Disclosing fees and rates may not provide a complete picture of which product would be the most appropriate for a specific investor. In some cases, the product with the higher fees may, in fact, provide the best economic benefit to the investor based on CANNEX's comparative analysis. This is especially important when an annuity is allocated into a broader financial plan or portfolio.

HOW CAN YOU USE IT?

The Variable Annuity Exchange can be used to support the selection of a specific product after the investor and their advisor determine the appropriate amount to be allocated into the product. This quantitative process can also be deployed to support other planning, education and recommendation processes. Ultimately, the Variable Annuity Exchange can provide another layer of compliance support to address suitability and regulatory requirements.

Users can access the analysis either directly through the CANNEX service portal or through other third party tools that support planning, sales or new business processes. In other words, the results can be deployed within any format or service the advisor or firm chooses to use.

Financial Institution Product Name (Share Class) Living Benefit and Death Benefit Options	Minimum Annual Income	Average Annual Income	Average Income Benefit	Average Death Benefit	Average Total Economic Benefit	Average Fee	Actions
	Payment	Payment	Value	Value	Value	Value	
AIG Polaris Platinum III Variable Annuity (B Class) Polaris Income Plus Daily Income Option 2 and Standard Death Benefit	Tiered	\$8,180	\$87,302	\$26,527	\$113,829	\$43,874	
Brighthouse Financial,(formerly MetLife) Series VA Variable Annuities (B Class) Guaranteed Lifetime Withdrawal Benefit (GLWB) FlexChoice Expedite and Standard Death Benefit - Principal Protection	\$6,381	\$7,268	\$77,570	\$34,818	\$112,389	\$51,759	
Jackson National Life Insurance Perspective II (B Class) Lifeguard Freedom Flex GMWB With Income Stream Level 3 GAWA % Table 7% Bonus and Annual Step-Up and Basic Death Benefit	\$5,960	\$6,702	\$71,527	\$40,382	\$111,910	\$52,257	
Nationwide Life Insurance Company Nationwide Destination B 2.0 (B Class) Lifetime Income Track Option and Standard Death Benefit						\$7,607	
Pacific Life Insurance Company Pacific Choice Variable Annuity 5 Year Option (B Class) CoreIncome Advantage 4 Select and Standard Death Benefit						\$9,652	
Pruco Life Insurance Company Prudential Defined Income ("PDI") Variable Annuity Defined Income Benefit Guaranteed Income Annuity Purchase Payments Death Benefit						\$5,535	
Transamerica Life Insurance Transamerica Variable Annuity Series (B Class) Retirement Income Choice 1.6 Designated Allocation and Standard Death Benefit						\$3,007	

Information						
Product						
Financial Institution	AIG					
Product Name (Share Class)	Polaris Platinum III Variable Annuity (B Class)					
Living Benefit and Death Benefit Options	Polaris Income Plus Daily Income Option 2 and Standard Death Benefit					
	Minimum	Average	Standard Deviation	Percentile		
				25%	50%	75%
Annual Income Payment	Tier 1: \$7,000 Tier 2: \$3,000	\$8,180	24%	\$6,683	\$7,787	\$9,242
Income Benefit Value (APV ¹)	\$57,363	\$87,302	24%	\$71,320	\$83,102	\$98,631
Death Benefit Value (APV ¹)	\$21,637	\$26,527	44%	\$18,886	\$22,306	\$30,040
Total Economic Benefit Value (APV ¹)	\$79,000	\$113,829	27%	\$90,206	\$105,408	\$128,672
Fee Value (APV ¹)	\$28,040	\$43,874	26%	\$35,471	\$42,027	\$50,304

¹ APV - Actuarial Present Value

Results based on \$100,000 premium for Female, Age 65, with a 5 year income deferral.

WHY CANNEX?

- » Experienced quantitative research and actuarial support team
- » Unique operation that works directly with its carrier partners
- » Flexible service that can be deployed within any application or process



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