

# Existing Process Solutions

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# Major Sources of Retirement Income

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	<u>Retirees</u>	<u>Pre-retirees</u>
Employer-sponsored DB plan	52%	38%
Social Security	43%	45%
Savings/investments	37%	44%
Employer-sponsored DC plan	14%	43%

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Source: Limra 2006; Retirement Planning: Is it Happening?

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# Agenda

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- Review of current competitive offerings
- Framing goals and expectations
- Identifying trends and future developments



# Review of Current Competitive Offerings

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1. Allocation solutions - Target maturity, Lifestyle, other allocation funds, models, et al
2. Investment solutions - Income funds (many variations), Growth and Income, et al
3. Guaranteed solutions - Income Benefits, Withdrawal Benefits, Income Annuities, CDs, Fixed Annuities
4. Hybrids - Investment/allocation solutions that can be turned into guaranteed solutions



# Framing Goals and Expectations

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- Education - impacts of inflation, longevity, withdrawal rates
  - Seminars
  - Collateral material
  - White papers
  - Representatives via Wholesalers
  - Websites
- Tools/illustrations



# Income Wizard

Let's see how much you have saved right now.


Right now    What if...    Now what?

**Tell us about yourself**  
\*Required Fields  
 Name:   
 Current age:     Desired retirement age:

**Tell us about your current retirement savings**  
(ex. 100,000)  
 Your current account balance: \$   
(ex. 500)  
 Regular contributions:  \$   
(ex. 3.00)  
 Assumed average annual rate of return:  %  
(ex. 3.00)  
 Assumed annual rate of inflation:  %

Have additional questions or need help? [Contact us](#)

LET'S RUN SOME NUMBERS >

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What if you saved more?


Right now    What if...    Now what?

**Today**  
 Your current account balance: \$   
 Years until retirement:   
 Assumed average annual rate of return:  %  
 Assumed annual rate of inflation:  %  
 Regular contributions:  \$   
 Ongoing annual contribution increase:  %

**Future** RE-CALCULATE  
 Estimated retirement nest egg balance: \$   
 Potential income:  in today's dollars     in future dollars  
 monthly income: \$     annual income: \$

Have additional questions or need help? [Contact us](#)

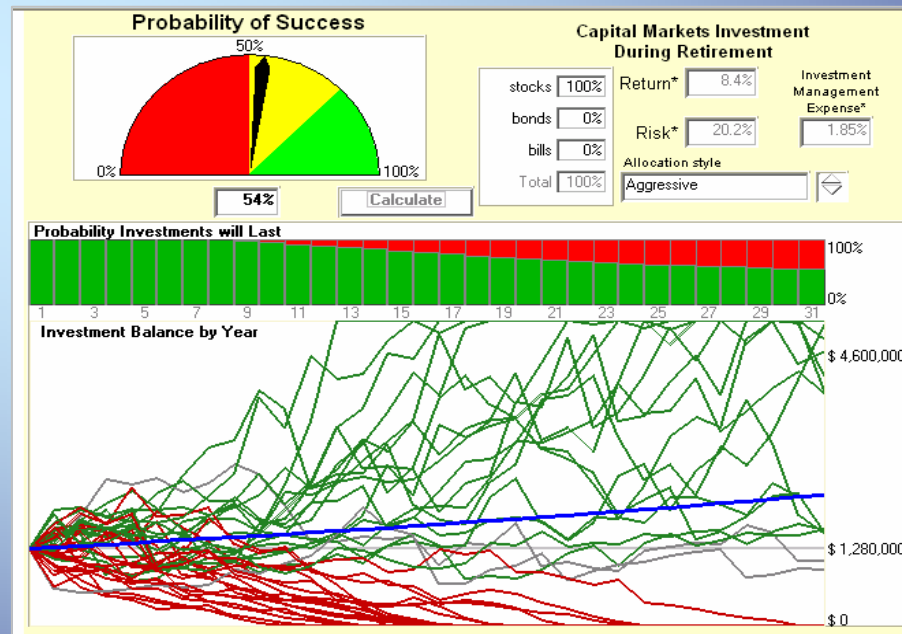
PRINT REPORT    NOW WHAT? >

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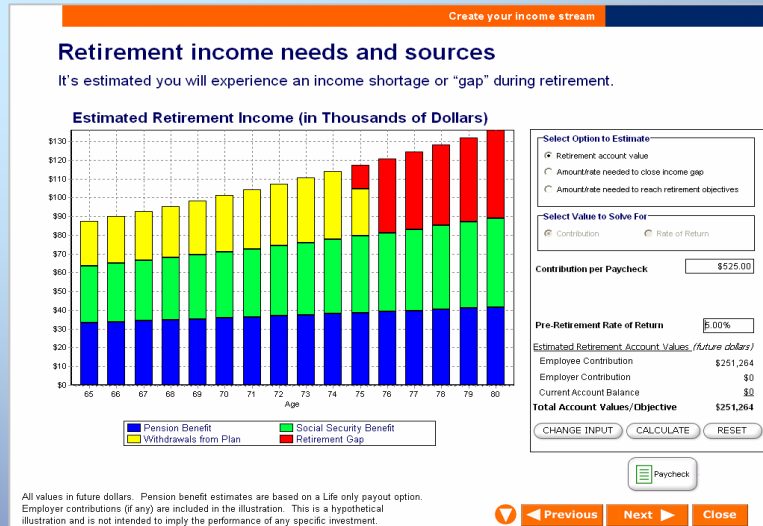
# Retirement Readiness



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# ING Presents



Print Preview

ING ROLLOVER CHOICE VARIABLE ANNUITY  
A Flexible Premium Deferred Combination Variable and Fixed Annuity  
ING USA Annuity and Life Insurance Company

HISTORICAL ILLUSTRATION  
ING LifePay Withdrawal Benefit  
Nonqualified Separate Account

Prepared for:  
John Doe, Owner  
Male, 50  
State of Issue: Connecticut  
Initial Premium: \$100,000.00

First Annual Withdrawal: \$5,000.00  
MAW: 5% of LifePay Base  
Annuitant's age at first withdrawal: 50

VARIABLE INVESTMENT OPTIONS

Portfolio	Portfolio Date	Allocation
Franklin Small Cap Value Securities Fund - Class 2	05/01/1996	16%
ING American Century Large Company Value Portfolio - Service Class	12/10/2001	16%
ING American Funds Growth Portfolio	02/02/1984	16%
ING VP Balanced Portfolio - Class S	04/03/1989	16%
ING VP Index Plus LargeCap Portfolio - Class S	09/16/1996	16%
ING VP Intermediate Bond Portfolio - Class S	05/15/1973	20%

ING LifePay Withdrawal Benefit

Year Ending	Yr	Premium	Withdrawals	Contract Value	Cash Surrender Value	Separate Account Average Annual Total Return	Option 1 Death Benefit	LifePay Base	Max Annual Withdrawal for life
12/31/2002	1	100,000	5,000	81,837	75,837	-13.86%	95,000	-	5,000
12/31/2003	2	0	5,000	93,199	87,199	21.28%	93,199	-	5,000
12/31/2004	3	0	5,000	86,947	91,947	9.93%	96,947	-	5,000
12/31/2005	4	0	5,000	96,348	92,348	4.79%	96,348	-	5,000
10/31/2006	5*	0	5,000	96,436	95,403	7.76%	98,436	-	5,000
Total		100,000	25,000						

\* The last values illustrated reflect returns from the previous period through the last date shown.

Note that although this illustration ends at a specific point in time, payments are guaranteed to continue until the first death of an owner (first annuitant's death during Lifetime Automatic Periodic Benefit Status).

ING LifePay Withdrawal Benefit Assumptions:  
Fixed Allocation Fund Rebalancing in effect  
Reset Option Applied. For illustrative purposes the Reset occurs automatically above. You must notify the Company each time you would like the Reset to occur.

8:58 AM

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# Trends and Future Developments

## Approach – Life Planning (how a person envisions retirement, other life events)

The collage displays several financial planning websites, each with a focus on life events and retirement planning. USAA's site features a navigation menu with 'Home', 'About USAA', 'Products & Services', 'Eligibility', 'Invest Center', and 'Career Center'. American Century Investments highlights 'Individual Investors' with options for 'Open Account', 'Products & Services', and 'Tools'. AIG VALIC's 'Financial Planning for Life Events' section includes articles on 'First Job' and 'Time is on your side'. Prudential Financial offers a 'Life Events Overview' with a 'Learn More' section. Transamerica's 'Planning for Life Events' page discusses 'Getting Married' and 'Buying a Home'. Ameriprise Financial's 'What's most important to you?' section includes a checklist of values like Security, Independence, and Fun. Wachovia's 'LIFE EVENT PLANNING' page provides a comprehensive overview of services for various life events.

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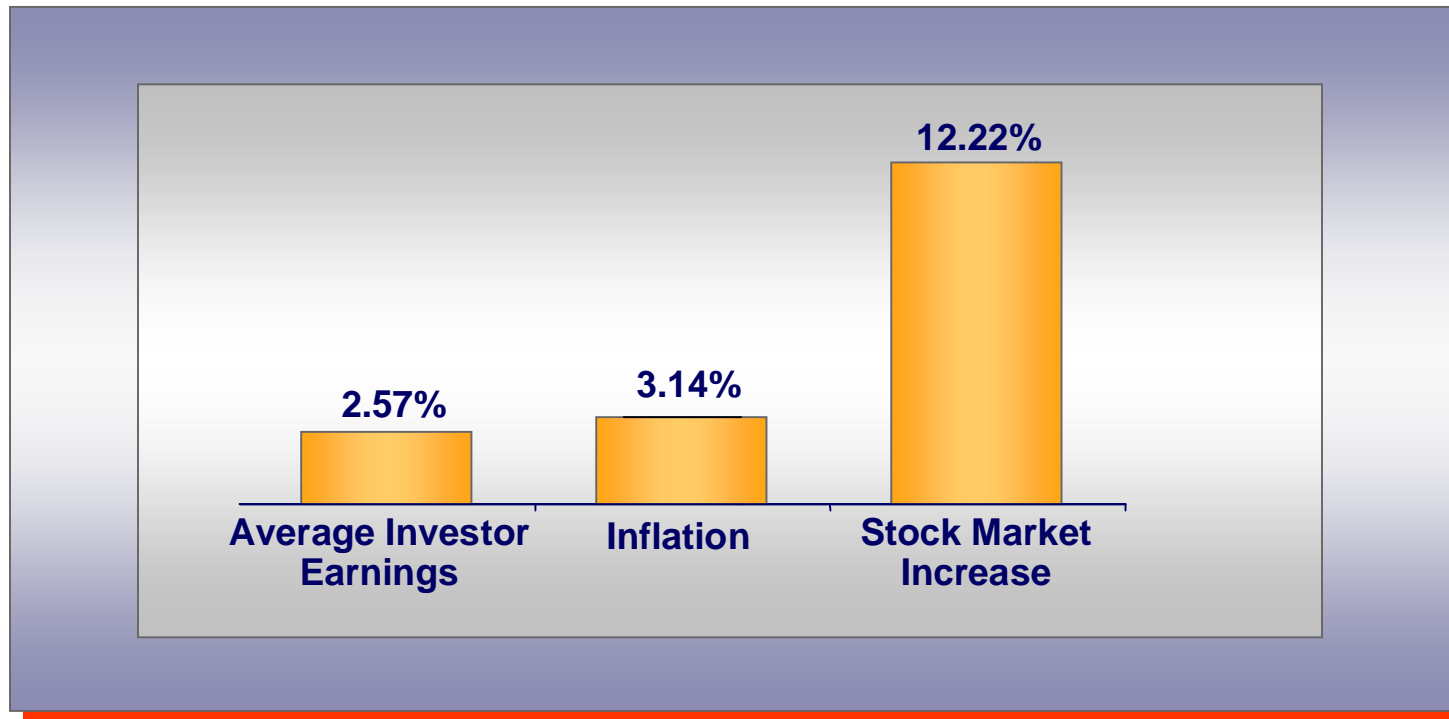
# Trends and Future Developments, cont'd

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- Approach - Life Planning
- Tools - Income analysis, probability scenarios, etc.
- Education initiatives
- Full service accounts - managing assets, distributions, bill paying, etc.
- Products
  - Investment funds geared toward income
  - Guarantees in DC Plans
  - Guarantees outside of annuities
  - Fixed Index Annuities with Living Benefits
  - Health/Wealth combos
  - Managed Accounts



# Results Your Clients Can't Afford



Note: Chart represents average annual performance. Past performance is no guarantee of future results. Accounts are subject to market risk and possible loss of principal.

Source: DALBAR Associate Investors Study, 1983-2002

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# Having the Minimum Guaranteed Income Benefit

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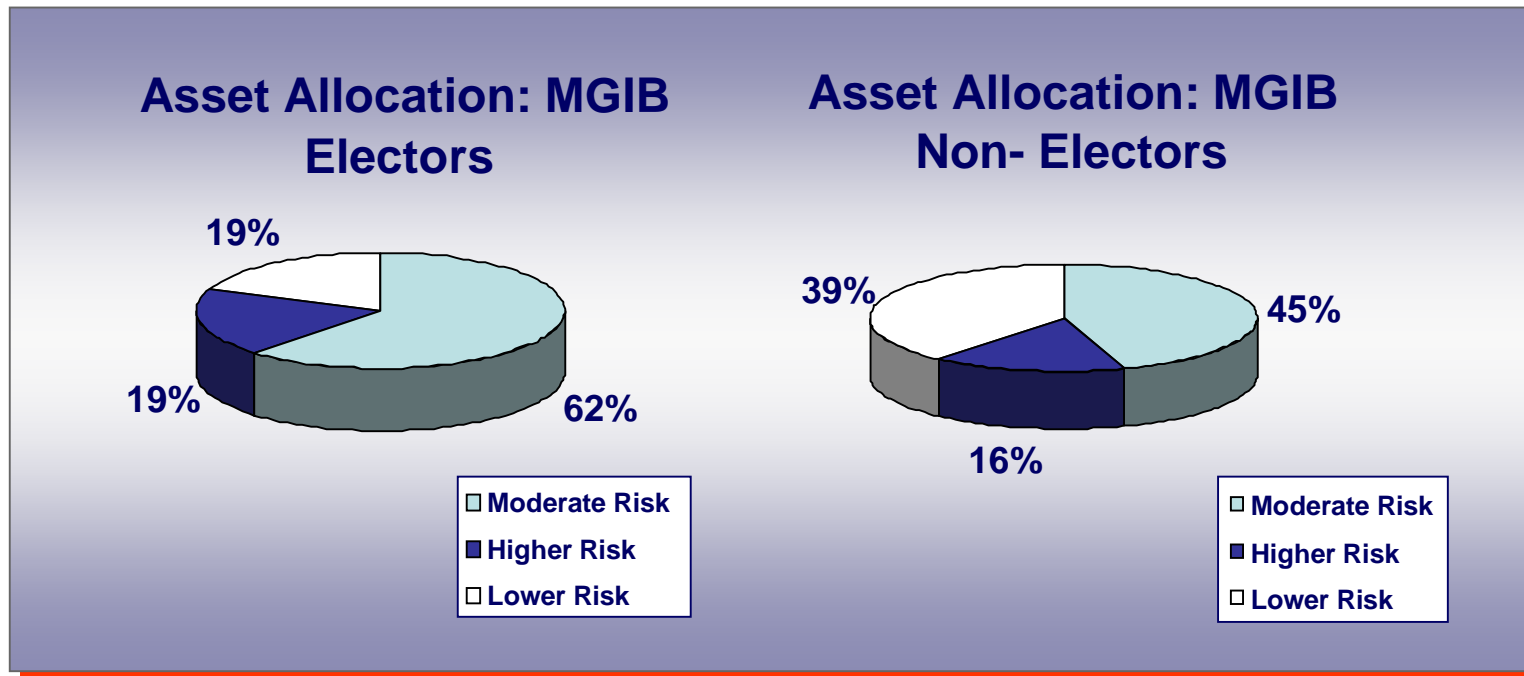
... may allow your clients the freedom of equity participation providing the opportunity to grow their assets...

“Owners who elected the MGIB rider tend to have a greater proportion of their account balances in moderate – to higher–risk funds, compared to annuity contract owners who did not elect the MGIB rider. This relationship holds even when controlling for age and the presence of asset allocation restrictions. **Such results support the notion that risk tolerance and the MGIB rider election are strongly linked!**” \*

\*LIMRA Study – Variable Annuity Guaranteed Living Benefits, 2005



# Asset Allocation & MGIB Rider



LIMRA Study – Variable Annuity Guaranteed Living Benefits, 2005



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“The primary determinant of any individual’s long-term return is not the performance of his investment. Rather, the critical variable driving real-life returns is the behavior of the investor himself.

- Nick Murray



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# Thank you

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