

OVERCOMING OBJECTIONS

FOR INTERNAL USE ONLY

Why should I offer this benefit if my employees are not asking for it?

Even though employees may not be asking for annuities specifically, we know that they are looking for

- their own personal program to provide a steady stream of income to supplement their Social Security and pension benefits.
- a way to make sure their savings will last a lifetime so they won't outlive their money.

(Source: MetLife Immediate Annuity: Consumers/Advisors/Plan Sponsors; April 22, 2003)

We also know that

- 66% of workers would like to receive money from an employer's retirement plan as a series of regular payments for the rest of their lives.

(Source: Hewitt Associates: Retirement Plan Preferences Survey, 2003)

Only an annuity contract from an insurance company can provide guaranteed income that you will not outlive, meaning only an annuity contains the benefits your participants are looking for.

Why should I offer annuities?

There are several reasons to offer annuities:

- Given the trend away from defined benefit plans, an annuity may be an employee's only source of guaranteed retirement income other than Social Security.
- 57% of active employees expect to be given retirement education/information at the workplace. (Source: LIMRA 2004 Retirement Planning: Activities, Advisors, and Risk Management)
- More than 90% of employees look to their employee benefits guide for retirement advice. (Source: LIMRA 2004 Retirement Planning: Activities, Advisors, and Risk Management)
- Employers are uniquely positioned to provide retirement education and information to their employees.
- Annuities complete the cycle for employees by helping them convert their retirement assets into income. (Source: MetLife Immediate Annuity: Consumers/Advisors/Plan Sponsors; April 22, 2003)
- 65% of full-time employees list benefits as an important reason for staying with an employer. (Source: 2004 MetLife Employee Benefits Trend Study.) MetLife can help maintain employee loyalty and satisfaction with Lifelong Income.

What is my fiduciary responsibility when offering these products?

[Note: This answer should be used only when speaking with a plan sponsor that wishes to offer our products as non-ERISA voluntary benefits. Do not use when the sale involves our products as plan distribution options.]

Generally, in order for an employer to be subject to ERISA, the benefit offering must be

- a) an arrangement to provide a retirement benefit and/or a health and welfare benefit
- AND**
- b) sponsored by the employer and offered to the employees.

Since it is the employer who determines that this offering is being made as a non-ERISA voluntary benefit, the employer must make no contributions, the communications to employees must not suggest specific sponsorship or endorsement by the employer and the employer will get no compensation from MetLife. If these requirements are met and there is no other employer involvement, there is a strong argument that you would not be incurring any fiduciary responsibility under ERISA regarding this voluntary agreement. Of course, MetLife cannot offer advice in this area, and all clients or prospects should consult their own legal counsel.

Is this an ERISA plan?

Only an employer can make a determination as to whether this voluntary benefit is covered or not by ERISA.

The courts are split as to whether encouragement by the employer for its employees to enroll is an endorsement by the employer. Some courts hold that encouragement or recommendation of the program is an endorsement. Other courts say this is not enough; rather, the employer needs to state specifically that it endorses and sponsors the arrangement. Even if the courts do rule that there is encouragement to enroll and therefore an endorsement, this does not necessarily mean there is an ERISA plan. Typically, the courts look at other factors before making this determination. Thus, employers are encouraged to consult their own legal counsel regarding this issue.

What is the sense of urgency about offering these products? Why offer them now?

Today, America is facing an emerging retirement *income* crisis.

In January, the first of 77 million baby boomers turned 60. Research shows that these consumers are unprepared for retirement in that they

- Don't understand that longevity risk is the greatest financial risk facing retirees.
- Don't know that experts advise not exceeding a 4% withdrawal rate.
- Underestimate their own likely life expectancy.

(Source for all bullets: MetLife Retirement Income IQ Test: Findings from the 2003 National Survey of American Pre-Retirees, MetLife Mature Market Institute, June 2003. Most pre-retirees think that inflation is the greatest financial risk facing retirees and that 7% is the withdrawal rate recommended by experts.)

Preparing your employees to be better educated about, and prepared for, retirement NOW will save them a lot of headaches later.

Just think: Retirees who have both a pension and an annuity are three times more likely to say retirement is much better than they expected. (Source: MetLife Retirement Income Decisions study, "The Silent Generation Speaks," June 2005)

Why not just go out and get the product individually if someone really wants it?

There are a few reasons:

- **Education/Communication** MetLife is committed to educating employees about retirement income. The educational components include
 - Information to help identify an employee's life stage: "At Retirement/Retired," "Near Retirement" or "Far from Retirement."
 - A Planning Guide to help employees create lifelong income, including
 - A checklist of materials to calculate individual retirement income needs.
 - An explanation of the risks likely to be faced in retirement, such as longevity risk, market risk and inflation risk.
 - A comprehensive educational participant Web site, MyBenefits.
 - Education on income annuities to help employees understand the fundamentals of creating lifelong income.
- **Dedicated Service and Support** MetLife's Retirement Income Center provides Income Specialists who are industry-credentialed professionals. They are knowledgeable and work hard to understand the unique retirement income needs of each employee, to find the best solution for each person.
- **Ease and Convenience**
- **Institutional Pricing** Our income annuity products are priced on a group or institutional basis. This means that, in general, our annuity rates will be more attractive than typical retail rates on annuities purchased through insurance agents. Note that with our products, as compared to retail versions, we provide education through our Web site, call center and materials at no additional cost to the employer or employee.

Why MetLife?

MetLife's focus on and interest in the retirement market is illustrated by our resource center called The Mature Market InstituteSM. The Institute is MetLife's main resource for information, research, education and consultation on aging and the mature market. The center builds on MetLife's long-standing commitment to aging, long-term care, retirement and the over-50 marketplace by identifying emerging issues and offering innovative solutions to support MetLife, its corporate customers and its business partners.

Our nearly 85 years of experience in group annuities has positioned us as a leader in the market:

- We are the #1 provider of group income annuity contracts used to fund individual benefits from qualified plans. (Source: In a recent survey of 11 major companies, MetLife ranked first in total sales, with \$441 million for calendar year 2004. Source: LIMRA International, "U.S. Institutional Pension Sales and Assets." Sales based on new annualized deposits. With Travelers Life & Annuity's 2004 figures, MetLife would still be the No. 1 provider, with \$724 million in total sales, but Travelers was not acquired until July 1, 2005.)
- We are the exclusive annuity provider for the U.S. government's Federal Retirement Thrift Savings Plan.
- We currently manage more than \$81 billion in total annuity assets, supporting both group and individual fixed and variable annuities. (Source: LIMRA International, "U.S. Institutional Pension Sales and Assets"; 2004 individual annuity reports. With the Travelers Life & Annuity 2004 figures combined sales would total in excess of \$117 billion.)
- We guarantee income benefits to more than 1.2 million individuals through a group annuity contract. (Source: MetLife's Retirement & Savings financial information, including Travelers Life & Annuity, as of August 31, 2005)

- We administer over 9,600 group annuity contracts. (Source: Includes annuities from MetLife Institutional Business and Travelers Life & Annuity, as of July 1, 2005.)
- We currently provide annuity programs and services to more than 100 large organizations—employers with more than 10,000 employees/retirees.

Importantly, the MetLife enterprise—at the most senior levels of management—is fully committed to our continued prominence in the retirement income business. Highlights of this commitment include that

- Retirement income is a core business to MetLife, a key component of our long-term business plan and a strategic growth area.
- Our fully integrated retirement income program includes robust education, personalized income planning consultations and decision support tools.
- MetLife is recognized as a thought leader in educating legislators, the media and consumers on key issues people face as they plan for and live in retirement.

We have been advised by a competitor that aggregates quotes from various guarantors of the large degree of variability in fixed annuity quotes on any given day. Why should I offer only MetLife?

While these programs may seem convenient in some respects, they often assess additional charges (sometimes as much as 1%) to offer the service, which may offset the potential savings from getting multiple quotes. The other thing to consider is that these programs do not include MetLife’s comprehensive retirement income education and decision support services like our Retirement Income Center and award-winning Web site.

Interest rates are relatively low. Why lock up so much money via the annuity purchase at such a low discount rate? My organization should not be encouraging this.

Rates fluctuate, and at MetLife we encourage a strategy that is much like dollar cost averaging—a sort of interest rate averaging.

For example, with our Income Later products, participants contribute monthly. By doing so, they purchase incremental annuity amounts and do not lock themselves into just one purchase, which might happen on a “low interest” day. For our Income Now products, we encourage a laddering strategy in which people purchase annuities at different times to avoid locking in only one rate.

I do not have the resources to explore adding this product—how much work is this going to be for me?

MetLife minimizes the work for you. With your support we can create an implementation plan for you, guiding you each step of the way. The bottom line is that

- You don’t have to communicate with employees or send them mailings yourself.
- You don’t have to answer questions from employees.

While there are some resource expenditures on your side, we keep them as limited as possible. We have a full team of Account Executives standing ready to be a resource to you to help make the implementation as seamless as possible.

I do not want the responsibility for my employees once they retire—it is their choice to do whatever they want to with the money they have then saved.

All the more reason to make this program available. Employees need to be educated on what is available and provided with the right solutions so that they can make an educated, smart choice about what to do with their savings.

Our program helps your employees plan today for the financial realities they will face throughout retirement. The result for you is peace of mind—knowing that you have provided them with the opportunity to achieve a more financially secure retirement.

We cannot afford to allow our employees to take time off to attend a seminar.

We understand. That's why we have developed three alternatives for you:

1. Online Seminars: Employees can watch online seminars at any time convenient for them.
2. DVD: Our educational DVD offers an overview of the need for lifelong income in general, what types of options are available and how Lifelong IncomeSM can help them meet their income goals in retirement. Viewers can download an overview kit or click through to MetLife's MyBenefits Web site to learn more. The educational DVD is also available on the Web at www.metlife.com/mybenefits.
3. Retirement Income Center: Income Specialists at our Retirement Income Center are industry-credentialed professionals. MetLife Income Specialists provide a vast array of services, including
 - a. Conducting a personalized retirement income needs analysis.
 - b. Explaining how the MetLife annuities program works and how annuities fit in with other retirement income sources.
 - c. Offering guidance navigating our Web site, using our modeling tools and financial calculators.
 - d. Providing education on product and investment suitability based on each situation.
 - e. Providing real-time quotes for MetLife income products.

What if MetLife becomes insolvent?

This is a difficult question, so let me try to answer it by asking one of my own: Do you offer your employees the opportunity to invest in the market through a 401(k) or some other form of retirement savings plan? The truth is, there is probably a greater risk of stocks decreasing in value than there is of MetLife going bankrupt. As an insurance company, special rules exist to protect policyholders such as holders of annuity contracts (and life insurance policyholders) in the event of MetLife's insolvency. Generally, all payments due to annuity contract holders will be paid before any amounts are received by MetLife's unsecured general creditors.

I would suggest to you that insolvency should be no more of a concern to you with this program than it was when you were considering your group life insurance plan. Both involve long-term promises. With life insurance, it is the promise to pay a lump sum benefit at some point in the distant future. With annuities, the promise takes the form of income payments for as long as a person lives. I am sure you examined the financial strengths and integrity of the various group life insurance carriers you were considering and selected the one you felt could best deliver on its

future obligations. MetLife and its annuity offering should be evaluated using these same standards.

During periods of economic and social turmoil that forced some companies to go out of business, MetLife not only survived but was even in a financial position to support the nation's economy. During World War II, MetLife was the largest holder of war bonds in the country. And after the events of September 11, 2001, MetLife invested more than \$1 billion in the stock market in support of the nation's economy. For nearly 140 years, MetLife has led the way in supporting individuals, companies, and the nation.