Multi-Year Guaranteed Annuity Fact Sheet

Multi-Year Guaranteed Annuity (MYGA)

A tax-deferred insurance vehicle that provides a guaranteed minimum fixed rate of return for the duration of the product. MYGAs provide tax deferral benefits, and can give clients the ability to annuitize their assets into a predictable lifetime stream of income.

The Market[1]

Traditional fixed annuity sales in Q1 2020 were $691.3 million, flat compared to the previous quarter and down 27% when compared to the same quarter in 2019. By comparison, MYGA sales totaled $9.9 billion in Q1 2020. This is a 9% increase compared to the previous quarter, and down 32.4% when compared to the same quarter in 2019. Clients seeking the safety of cash and higher returns than traditional fixed income may have led to the increase in recent MYGA sales.

How MYGAs Work

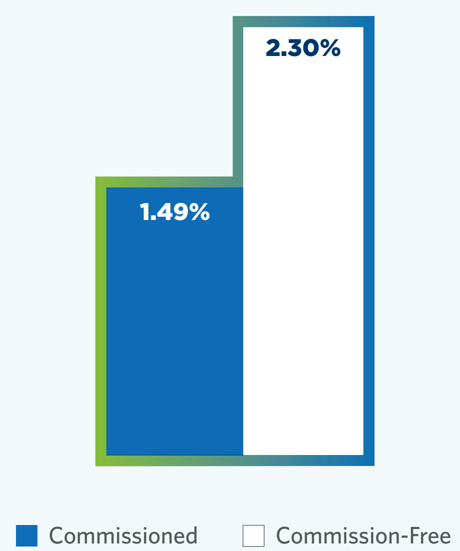
Similar to certificates of deposit (CDs) or money market funds, MYGAs offer complete downside protection against market fluctuations by guaranteeing a minimum rate of return for the duration of the investment. However, unlike CDs or money market funds, interest rates are often higher and assets grow tax deferred, allowing the possibility of greater accumulation over the life of the annuity. MYGA interest rates are declared by the insurance company in advance of each contract year.

Due to the long-term investment design of MYGAs, most have surrender periods required to deliver the product benefits. This is similar to other types of investments that require a duration and may come with an early withdrawal or liquidity penalty.

Problems with Commissioned MYGAs

Commissioned vs. Commission-Free MYGA Rate Comparison*

(Average 4-Year Rate)



COMMISSIONED MYGAs

- While MYGAs tend to have lower commissions than other insurance vehicles, commissions still impact the interest rate paid, often decreasing overall returns.
- Long and expensive surrender periods are typically found in commissioned MYGAs.

COMMISSION-FREE MYGAs

- The elimination of commissions has allowed for interest rates that are 0.81[2] higher on average when compared to traditional fixed annuities.
- Surrender penalties are slightly lower and the surrender periods are matched to the duration of the product.

*Averages taken from DPL's offering of MYGA 4-year rates vs. Annuity Rate Watch Average 4-year rates as of July 2020.

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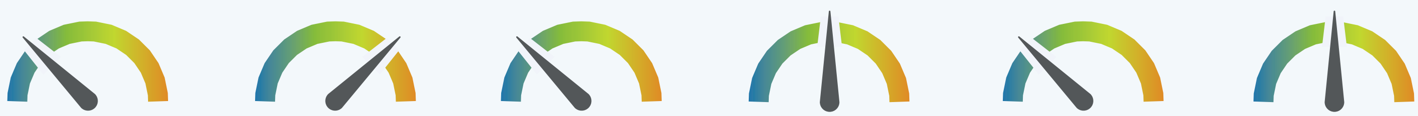
Fixed Annuities: DPL's View [These measures are created within the context of insurance products.]



RISK	PROTECTION	LIQUIDITY	GROWTH	FLEXIBILITY	INCOME
LOW	HIGH	LOW	MODERATE	LOW	MODERATE

How to Think About Commission-Free MYGAs

When your client needs:

PRINCIPAL PROTECTION: MYGAs are typically used for clients nearing or in retirement, as they protect principal from market downturns, yet provide a minimum guaranteed rate of return.

FIXED INCOME: MYGAs can provide higher rates of return in low-interest rate environments, helping clients maintain or improve their fixed income allocations.

CASH REPLACEMENT: MYGAs can be used instead of cash investments, such as CDs or money market funds, to help generate better returns subject to the terms of the contract.[3]

To learn more about our low-cost, Commission-Free fixed annuity solutions, call 888.327.0049 and speak to a DPL Consultant.

[1] PR Newswire - "Deferred Annuity Sales Barely Decline Despite Effects of Covid-19." May 2020.
[2] Averages taken from DPL's offering of fixed annuity 4-year rates vs. Annuity Rate Watch Average 4-year rates as of July 2020.
[3] Surrender charges, market value adjustments and other contract charges may apply that can reduce the principal.

Guarantees are backed by the financial strength and claims paying ability of the issuing insurance company.

There are risks, fees and charges associated with fixed annuities.

The purchase of an annuity within a retirement plan that already provides tax deferral under sections of the Internal Revenue Code results in no additional tax benefits. An annuity should be used to fund a qualified plan based upon the annuity's features other than tax deferral. All annuity features, risks, limitations, and costs should be considered prior to recommending the purchase of an annuity within a tax-qualified retirement plan. In addition to surrender charges, withdrawals are subject to income tax.

Withdrawals prior to age 59 1/2 may also be subject to a 10% federal tax penalty.

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