



Working with DPL: Strategic Partnership





DPL Financial Partners



David Lau
FOUNDER & CEO



Tim Rembowski
VP, MEMBER SUCCESS



Eric Payne
CONSULTANT



Leslie Grant
CONSULTANT

Delivering Value, Choice & Transparency to Consumers

Leadership: David Lau

- ▶ Over 25 years of experience innovating in financial services industry to deliver consumer value
 - E*TradeBank (Telebank), CMO
 - Jefferson National, COO
 - DPL Financial Partners, Founder & CEO
- ▶ Consultant to financial services companies looking to break into new markets
- ▶ Founded DPL Financial Partners in 2014

E*TRADE[®]
FINANCIAL

 **SHINSEI BANK**

Jefferson  National

 **Lincoln**
Financial Group[®]

 **Merrill Lynch** **JACKSON**[®]



EQUITABLE



RIAS

800+ Member Firms
50 States
2,800 Advisors
230,000 Households

DPL is a technology-driven, Commission-Free insurance platform that provides education, products, discovery tools, straight-through digital processing and reporting.

dpl

Launched: 2018
HQ: Louisville, KY
Team: 50 & Growing

CARRIERS

19 Carrier Partners
25+ Commission-Free Products

DPL works with leading insurance carriers, providing our unique market knowledge and product expertise to help them create low-cost, Commission-Free products.

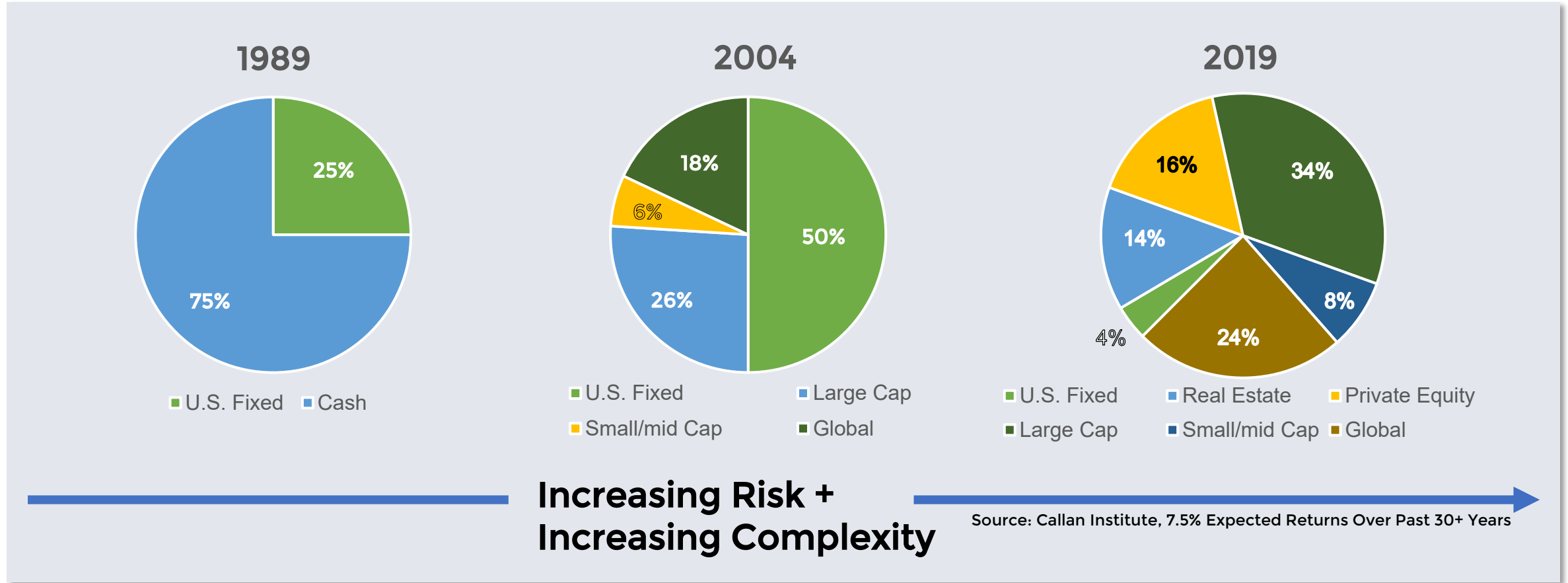
- ▶ In today's environment, if you're not talking to your clients about guaranteed income solutions, someone else is
- ▶ Because of today's market volatility, these solutions are even more appealing to your clients
- ▶ Commission-Free insurance and annuities help you grow your AUM
- ▶ Our goal:
 - Help you understand the benefits of Commission-Free insurance
 - Identify specific solutions available to you through Formula Folios
 - Empower you to have the annuity conversation so you are prepared to talk to your clients

- ▶ **Traditional “safe assets” can no longer fund retirement**
 - Historically low interest rates
 - Pensions are disappearing
- ▶ **60/40 Portfolio + 4% Withdrawal Rate no longer effective**
 - Total return portfolio increases Sequence of Returns Risk
- ▶ **Clients are living longer, retiring earlier than expected**
 - Almost 50% probability that one 65-year-old spouse will live to age 95¹

“The fact of an aging population is this is a full one-third of your adult life that still lays ahead of you at age 65.”

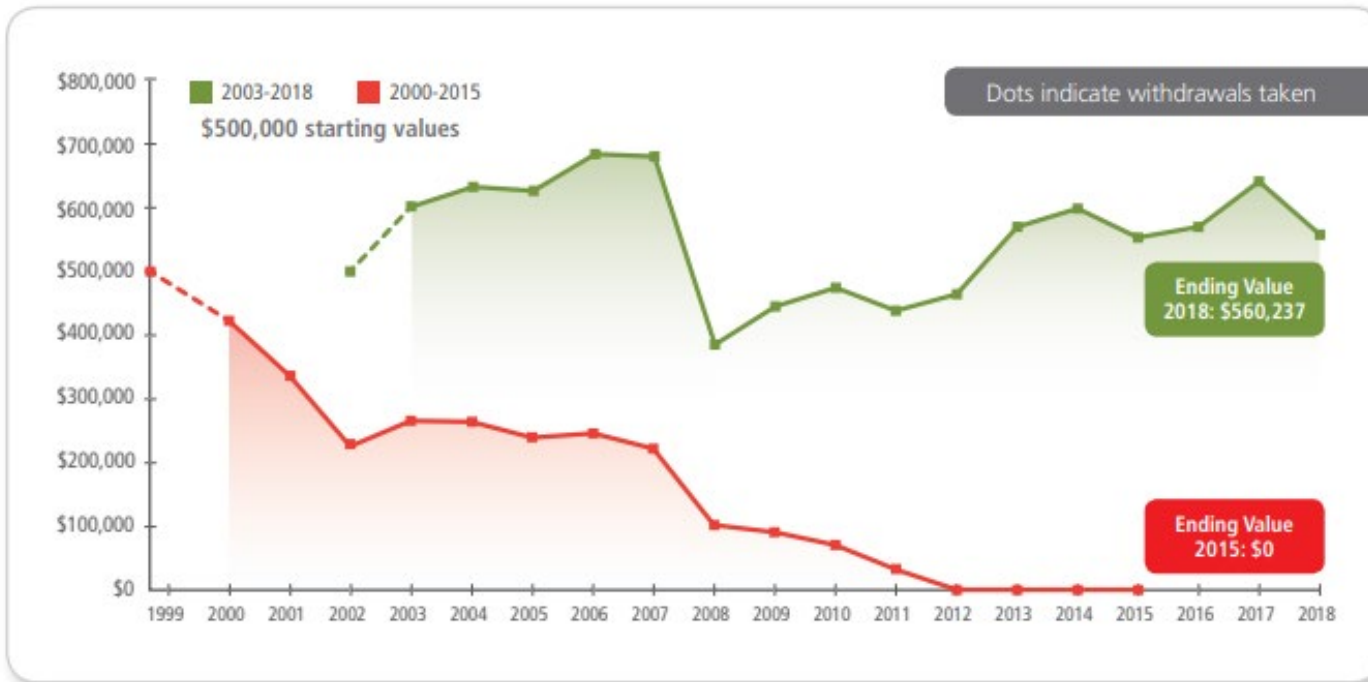
–Joseph Coughlin, Director Massachusetts Institute of Technology’s AgeLab

¹Society of Actuaries, 2012 Individual Annuity Mortality Tables with projections for 2020



▶ Primary role of the RIA: “Providing a secure retirement”¹

¹DPL Financial Partners RIA Retirement Planning Survey



This hypothetical example is for illustrative purposes only and is not representative of the future performance of any product. Past performance is no guarantee of future results.

“What happens if your client picks up - 30% the first year of retirement?”

The probability of success falls from 94% to 48%. This is the equivalent of setting off on a road trip and encountering a 50-car pileup.”

–Michael Finke, PhD, Professor of Wealth Management at The American College of Financial Services

▶ How annuities have changed

- Commissions have been removed, which reduces product costs
- Repriced products can be used to solve for income needs in a financial plan
- Many fee-based products are liquid
- Surrender periods can also provide benefits to clients
- You can generate guaranteed income and still access the account balance
- Annuity assets can now be managed by fiduciary advisors

	2015	2020
Industry	Served by commissioned insurance agents	Served by fiduciaries
Cost	Commission-based, expensive	Commission-Free, lower-cost
Carriers	4 carriers serving RIA market	20 carriers serving RIA market
Technology	Underdeveloped	Sufficient and evolving
Advisor Sentiment	Products to be sold	Powerful tools within financial plans

▶ Addresses Sequence of Returns Risk

- Use products with downside protection to protect against market losses
- Fund retirement income with an annuity rather than the portfolio
- Client peace of mind and increased happiness in retirement¹

▶ Addresses Longevity Risk

- Create an income stream clients cannot outlive
- Replace underperforming assets such as traditional fixed income
- Reduce overall risk in a client's portfolio

▶ Increases probability of success of financial plan

- Leverage academic strategies for efficient income generation
- Optimize equity allocations

¹ "The 4% Rule is Not Safe in a Low-Yield World" - Wade Pfau, Ph.D., CFA, Michael Finke, Ph.D., CFP and David Blanchett, CFA, CFP

How DPL works with Members: Project Overview

- 1. Efficient Income Generation/Longevity Risk**
 - A 60-year-old can purchase the annuity and turn on income at age 70 with a guaranteed lifetime withdrawal percentage of 7.1%
- 2. Current Policy Review/1035 Exchange**
 - 190+ policies submitted for review; DPL could immediately assist with 60%
- 3. Conservative Clients/Fixed Income**
 - Alternatives to Cash, CD's and Fixed Income
- 4. Sequence of Return Risk**
 - Clients approaching or in retirement leveraging principal protection



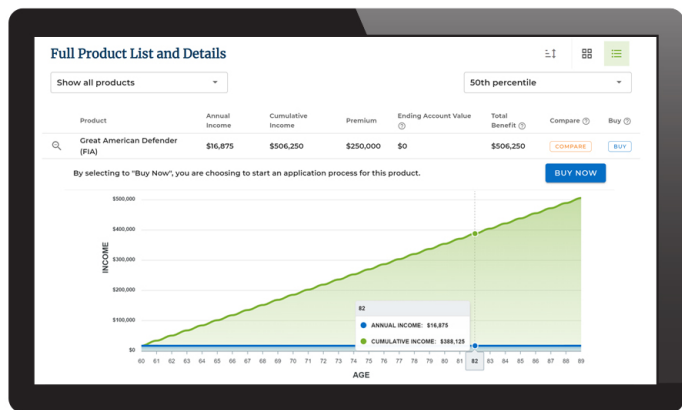
Data Feeds:

- ▶ Ensuring accurate reporting of contracts/policies through Orion
- ▶ Helping the influence of carrier partners utilize and develop FinTech initiatives throughout the industry

Financial Planning Software:

- ▶ Helping the advisory team model DPL insurance solutions into their planning software
- ▶ Using planning reports around Monte Carlo and Cash Flow simulations to help within client conversations





The **Guaranteed Income** calculator at dplfp.com allows you to run the numbers to see how no-load products can produce guaranteed income to meet your client's specific goals.



The **Fixed Income Comparison** allows you to compare an annuity to a fixed income strategy generating equal amounts of income to see how each performs over the course of a retirement horizon.

These graphs are hypothetical and is intended only to demonstrate the potential each type of annuity has for helping your clients meet their retirement needs. It is not intended to predict or project the performance of any specific investment. Investing in variable annuities involves risk, including potential loss of principal. There are different risks, fees and charges associated with each type of annuity.

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Fee-Billing for Insurance

Many RIAs see insurance as a great opportunity to expand their services and grow their practices. We see RIAs charging either a one-time planning fee and/or a percent of AUM. See chart below for common fee vs. AUM by product type (and our consultants would be happy to speak with you about what may work best for your practice.)

Fee	AUM Charge	Either Fee or AUM
Term Life	Buffer Annuities	Universal Life
Disability	Fixed Annuities	Single Premium Immediate Annuities
Guaranteed Universal Life	Fixed-Indexed Annuities	
Long-Term Care	Variable Annuities	
Medicare Supplement	Variable Universal Life	



- ▶ Potentially remove broker-dealer for insurance needs
- ▶ Retain current assets and grow AUM
- ▶ Eliminate orphan accounts and prevent further client loss
- ▶ Align products with new practice philosophy by migrating commissioned products to fee products where appropriate
- ▶ Keep familiar tools and add new ones to financial plan
- ▶ Differentiate practice in an increasingly competitive market

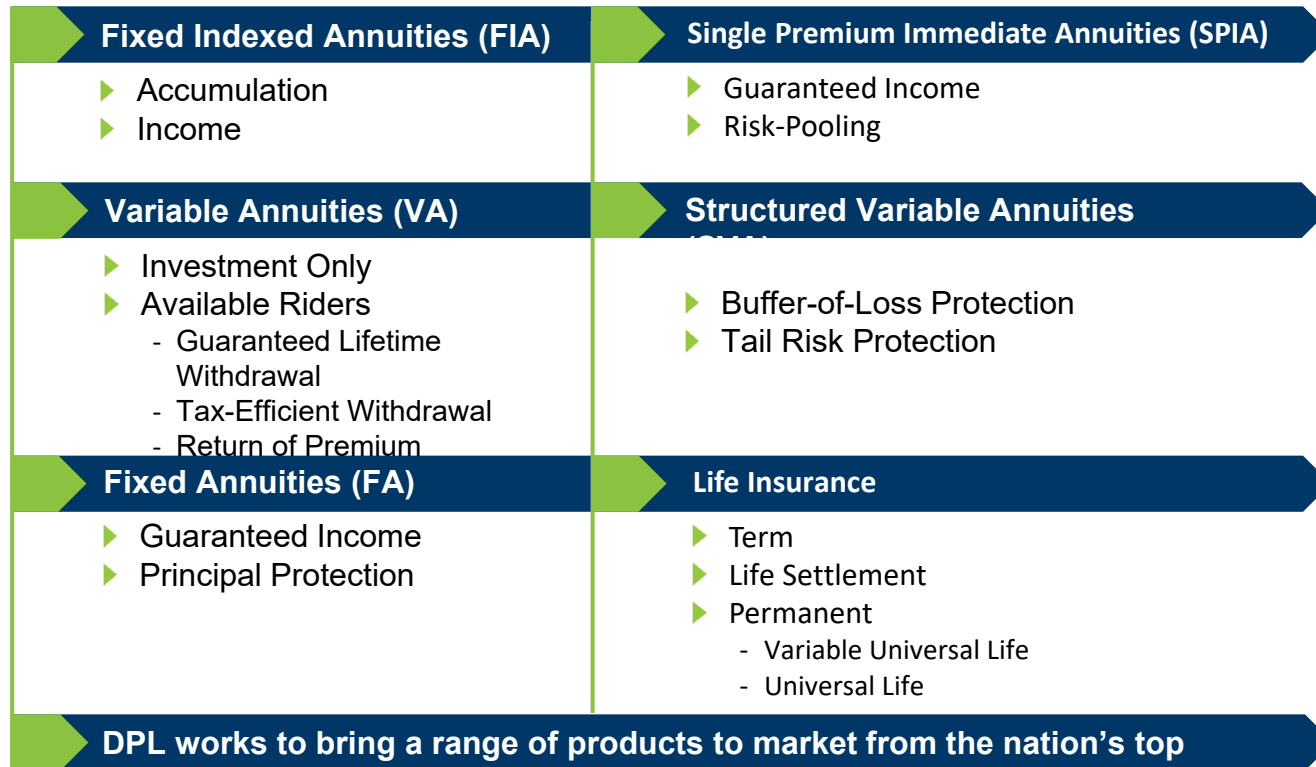


- ▶ Clients can retain their trusted advisor for all products
- ▶ Reduced costs, increased value
 - More client dollars at work
- ▶ Simplified structure, easier to understand
 - Increased transparency by removing hidden fees
- ▶ Better results for the financial plan
 - Now being serviced in a holistic capacity



How DPL works with Wealthcare Members

You can always count on DPL to provide best-in-class, low-cost, Commission-Free insurance solutions that bring value, choice and transparency to a holistic planning process.



EQUITABLE



- ▶ IAR is added to contract as limited power of attorney

- ▶ Ability to charge advisory fees (directly from the contract)
 - Non-taxable event to the client (recent PLR)

- ▶ Trading capabilities on insurance carrier's website

- ▶ Ability to service contract



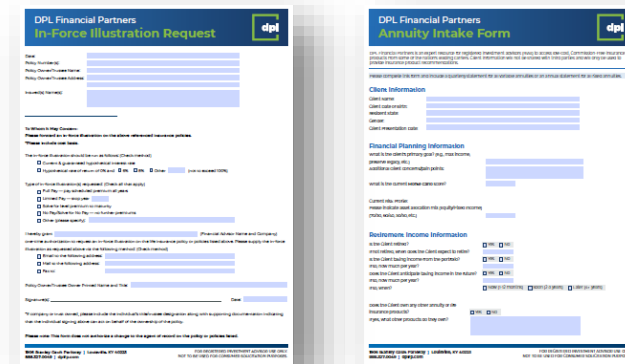
▶ Step 1: 1035 Exchange

- Simple 3 step process
 - Secure Data Exchange Setup
 - Firm Rollout to Advisors
 - Use DPL's Marketing Tools
- Scope
 - Look at client's existing Annuities and Life Insurance.
 - Implement industry's most comprehensive review process.
 - Announce Partnership to Clients
- High Impact (Project Outcomes)
 - Drive immediate client value
 - Increase firm AUM



Advisor Sharing Portal

- ▶ Use of Intake Forms
- ▶ Establishing Case Folders
- ▶ Collecting application data (Client Data)
- ▶ Sharing Capabilities Amongst the Team



+ New
↑ Upload
✎ Quick edit
🔗 Share
🔗 Copy link
🔄 Sync
↓ Download
📄 Export to Excel
⚙️ Power Apps
⋮

Advisor Share > Wealthcare Capital Management

Name	Modified	Modified By	+ Add column
DPL In-Force Illustration.pdf	A few seconds ago	Eric Payne	
Russ Thornton	5 days ago	Leslie Grant	
DPL Annuity Intake Form.pdf	A few seconds ago	Eric Payne	
DPL Life Insurance Intake Form.pdf	A few seconds ago	Eric Payne	



Annuities

Fee-Only 1035 Annuity Exchange to lower expenses

Client owned policy with \$600,000 Cash Value (MetLife)

- Cost Basis \$250k
- Switched to no-load variable annuity; institutional funds, no mark-up
- Locked in ~\$17,520 /year fee saving for client

Current Contract

Total Expense: 3.40%

M & E Charge: \$8,400 (1.40%)

Sub-Account Expenses: \$4,800 (0.80%)

Income Rider: \$7,200 (1.20%)

Estimated Annual Fees: \$20,400

New Contract

Total Expense: 0.48%

M & E Charge: \$1,500 (0.25%)

Sub-Account Expenses: \$780(0.13%)

Death Benefit Rider: \$600 (0.10%)

Estimated Annual Fees: \$2,880 (0.48%)

This comparison is hypothetical and is intended only to demonstrate the potential each type of annuity has for helping your clients meet their retirement needs. It is not intended to predict or project the performance of any specific investment. Investing in variable annuities involves risk, including potential loss of principal. There are different risks, fees and charges associated with each type of annuity.

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▶ Step 2: Retirement Income Strategy

- Simple Streamlined Process
 - Discover & implement efficient guaranteed retirement income solutions to solve needs in the financial plan
- Scope
 - Look at clients who are approaching retirement or have recently retired to see if portfolio efficiencies can be achieved through commission-free retirement income solutions.
 - Diligence on solutions for portfolio planning.
- High Impact (Project Outcomes)
 - Improve Monte Carlo Scores
 - Clients retire happier with peace of mind



Non-Investment Assets

	DPL ClearLine Annuity	08/23/2020	Bobby	Manual	\$500,000
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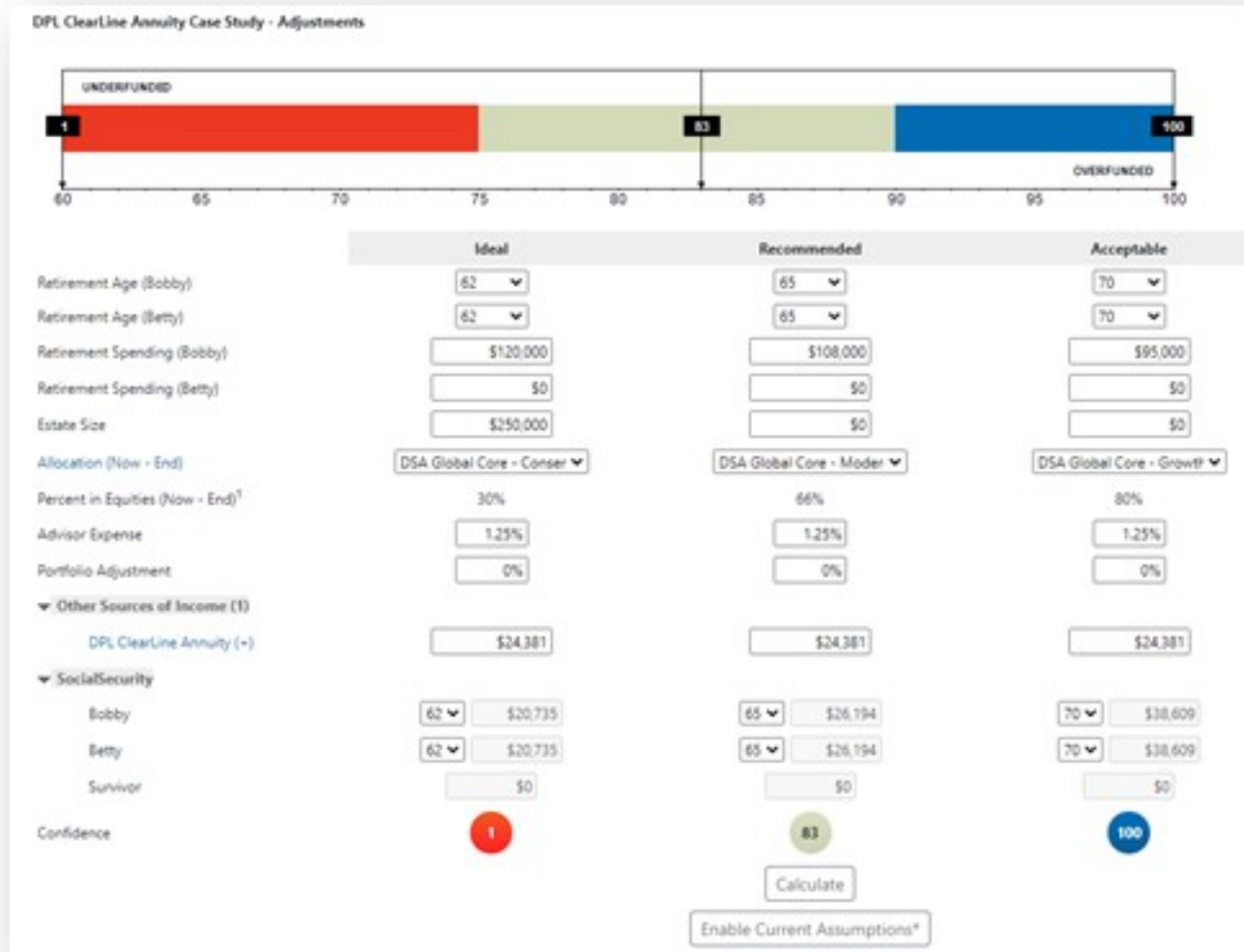
Other Sources of Income

Add Income

Description	Owner	Net or Gross	Inv. Income	Action
DPL ClearLine Annuity	Bobby Boomer	GROSS	no	

Is Annuity? yes Annuity Exclusion Ratio: 0%
 Is Pension? no Pension Survivor PCT: 0%
 Source of income will be spent until retirement.

Plan	Annual Amount	Start/End Age	Annual Increase
Ideal	\$24,381	65 - Death	Default
Recommended	\$24,381	65 - Death	Default
Acceptable	\$24,381	65 - Death	Default





Questions

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A decision to purchase a new annuity and discontinue an existing annuity should be carefully considered. Before recommending that your client repurpose their existing annuity, you should be certain both you and your client fully understand the existing annuity product and the proposed annuity product. The cost of producing and issuing the existing annuity has already been paid. If repurposed, your client will be subject to paying these costs again for the proposed annuity product, even though these costs will be lower for a no-commission annuity.

Your client is also entitled to advice from their existing insurance producer or insurance company including information on how the existing annuity is working now and how it may perform in the future based on certain assumptions. Your client may have to pay surrender charges to replace their existing annuity which will decrease the initial cash value of the proposed annuity. Interest rate guarantees should also be carefully compared to ensure that your client is making the best choice for their future.

It is important to determine if there are any tax consequences involved with the exchange. Your client may have a loan against the existing annuity's cash value that, upon surrender of the contract, may be treated as a taxable withdrawal for income tax purposes. This may also result in a 10% tax penalty if your client was younger than age 59 ½ at the time the loan was taken.

DPL Financial Partners does not give tax advice. Clients should be advised to consult with and rely on their own tax advisors prior to repurposing their existing annuities.

¹Forbes, Social Security Feels Pinch As Baby Boomers Clock Out for Good, June 21, 2018

Fixed indexed annuities are contracts purchased from a life insurance company that are designed for long-term retirement goals. While the interest rate credited to an indexed account is linked to the performance of an underlying index, premium payments made to a fixed index annuity are never directly invested in the stock market. All guarantees are based on the financial strength and claims-paying ability of the issuing insurance company. 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.

An immediate annuity is permanent. Owner has no access to premium, which converts to an income payout stream. There is no cash value, no death benefit and the annuity can't be surrendered. Contract terms, such as payment amount and frequency, cannot be changed, unless commutation is available and elected. An immediate annuity should not be purchased if access may be needed to any of the premium for living expenses or other purposes.

Variable annuities are contracts purchased from a life insurance company that are designed for long-term retirement goals and are subject to market risk, including loss of principal. No investment strategy insures a profit or protects against losses in a down market. All guarantees are based on the financial strength and claims-paying ability of the issuing insurance company. 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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