

## INSURANCE. UNDER NEW MANAGEMENT.

*“Insurance is an important piece of a holistic financial plan, but it has been a non-starter for RIAs forever due to its commission-driven distribution. With the increasing availability of commission-free insurance, it no longer makes business sense for RIAs **not** to offer insurance to their clients. In addition, clients need fiduciaries to implement their insurance, not commissioned salespeople.”*

– David Lau, Founder & CEO, DPL Financial Partners

**The \$2.2T RIA industry has a problem.** Traditional insurance products are notoriously complex, opaque and loaded with commissions that conflict with Registered Investment Advisors’ (RIAs) roles as *fiduciaries*. That leaves fee-only advisors with two stark choices: Pass clients off to commission-based insurance brokers, or tell clients, “I don’t do insurance,” thereby leaving them without fiduciary advice in a critically important part of their financial plan. **Commissions, fees and other financial incentives cost retirees an estimated \$17B/year in lost retirement savings.** (*White House Council of Economic Advisers*)

### WHAT IS DPL?

DPL Financial Partners (DPL) is an insurance network for Registered Investment Advisors (RIAs). The firm:

- ▶ Works with top carriers to build low-cost, Commission-Free insurance products specifically for RIAs
- ▶ Helps RIAs take control of their clients’ insurance by providing access to fiduciary-friendly, Commission-Free products, insurance expertise and education
- ▶ Focuses on finding the best insurance solutions--without privileging any particular product or carrier—for each client
- ▶ In 2018, DPL saved member clients’ an average of \$5,062 in annual fees on variable annuity products
- ▶ In early 2019, DPL was included in the ‘Miscellaneous Tools’ category in the 2019 T3/Inside Information Software Survey conducted by Bob Veres and Joel Bruckenstein, which covered a wide range of financial services technology. DPL scored the highest user satisfaction score in its category, with an average user rating of 8.13 out of 10.

### HOW DPL WORKS

FOR RIAs	FOR CARRIERS
RIAs keep their clients’ insurance under their fiduciary umbrella and the insurance component of their portfolios within their fee base. With all of the benefits Commission-Free insurance brings to an RIA’s clients and practice, it doesn’t make sense for RIAs <i>not</i> to expand into insurance.	<b>Carriers tap into the \$2.2T RIA market.</b> Insurers have historically struggled to penetrate the fee-only market and it wasn’t only a matter of product design (though that was a part of it). They also need coaching on how to approach RIAs who are professional <i>buyers</i> of insurance, not professional sellers.

FOR RIAs	FOR CARRIERS
<b>RIAs pay a yearly membership fee;</b> this model allows DPL to leverage the collective buying power of members to create insurance products without expensive commissions and distribution costs.	<b>DPL works with leading carriers to build products specifically for RIAs,</b> removing commissions and fees that drive up product costs and conflict with RIAs fee-only model.
<b>DPL acts as a RIAs insurance department;</b> expert consultants analyze the strengths and weaknesses of existing client holdings, find solutions for RIA clients with Commission-Free products, issue policies and add new products, technology and procedures to support RIAs.	<b>DPL engages carriers' product teams to help teach RIAs</b> about the benefits of the products and how to use them to meet client needs in a holistic financial planning process.

### DPL LEADERSHIP

DPL founder & CEO David Lau is a financial services entrepreneur with more than 25 years of experience building industry-changing companies and products. Throughout his career, Lau has sought to eliminate inefficiencies in financial products and services and pass the savings on to consumers.

- ▶ As COO at Jefferson National, Lau conceived the first ever flat fee annuity, Monument Advisor, which Cerulli named “The Gold Standard”.
- ▶ While helping build Telebank (the nation’s first internet bank, acquired by E-Trade in 2000), Lau invented the practice of refunding out-of-network ATM fees, a popular benefit still employed by banks today.



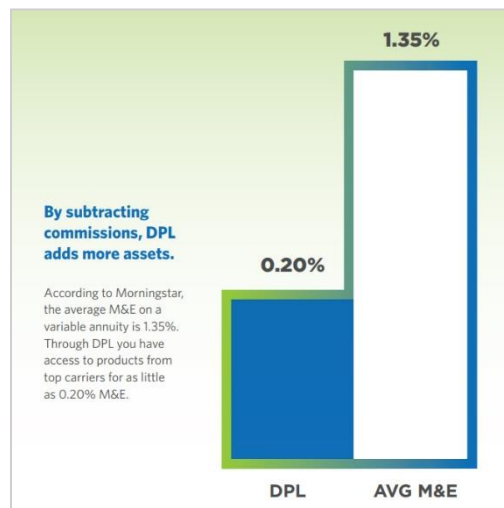
### PRODUCTS & CARRIERS ON DPL'S PLATFORM

PRODUCT	CARRIER
<b>Investment-Only Variable Annuity (IOVA)</b>	TIAA, AXA, Security Benefit, & Jackson National
<b>Variable Annuity (VA)</b>	Great West & Jackson National
<b>Fixed Indexed Annuity (FIA)</b>	Allianz, Great American, Jackson National, & Security Benefit
<b>Fixed Annuity</b>	Integrity Life & Security Benefit
<b>Buffer Annuity</b>	Allianz, AXA, & Great West
<b>Single Premium Immediate Annuity (SPIA)</b>	TIAA & Integrity Life
<b>Deferred Immediate Annuity (SPIA)</b>	Integrity Life
<b>Life Insurance – Term Life</b>	TIAA
<b>Life Insurance – Universal Life</b>	TIAA
<b>Life Insurance – Variable Universal Life</b>	TIAA

## CARRIERS OFFERING COMMISSION-FREE INSURANCE THROUGH DPL



## THE POWER OF LOW-COST, COMMISSION-FREE PRODUCTS



Current Contract (Commissioned)		New Contract (Commission-Free)	
Total Contract Fees	3.40%	Total Contract Fees	1.05%
M&E	1.50%	M&E	0.25%
Administration	0.15%	Administration	0.10%
Subaccount	1.00%	Subaccount	0.70%
Optional Benefit	0.75%	Optional Benefit	0.00%
Hypothetical Annuity Value	\$321,375	Hypothetical Annuity Value	\$321,375
Estimated Annual Fees	\$10,926	Estimated Annual Fees	\$3,385
Annual Savings on Fees Alone = \$7,541, a reduction of 2.35%			

*Above: Fee-only 1035 Annuity Exchange: savings with no-load variable annuity, institutional funds, no mark-up.*

*Left: Ave. M&E on a variable annuity is 1.35% vs. as little as 0.20% on commission-free products through DPL.*

## INDUSTRY STATS & TRENDS

### RIA Market:

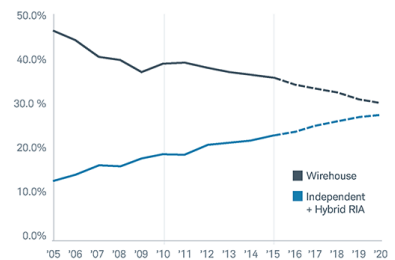
- ▶ The RIA industry manages \$2.2T in assets. – *RIA Database*
- ▶ Nearly twice as many advisors serve their clients from an independent RIA than just 10 years ago. – *Pershing LLC*
- ▶ The number of RIAs jumped 16% SINCE 2013. – *SEC IAPD*
- ▶ The breakaway advisor trend is strong, with more than \$95B shifting firms in 2017. Half the assets leaving wirehouses went to independent firms. – *Investment News*
- ▶ The Certified Financial Planners board recently released new standards requiring CFPs to “act in the best interest of their clients ... at *all times* when providing financial advice.” – *CFP*

### Retirement Planning:

- ▶ Commissions, fees and other financial incentives cost retirees an estimated \$17B/year in lost retirement savings. – *White House Council of Economic Advisers*
- ▶ More than half of retirees who own an annuity (52%) own more than one. Nearly a third (32%) own two; and 20% own three or more. – *LIMRA*
- ▶ More than 4 in 10 consumers say they would be open to buying an annuity. – *LIMRA*
- ▶ The variable annuity market is approximately a \$2.1T marketplace. – *LIMRA*
- ▶ In 2017, total fixed annuity sales hit a record-breaking \$108 billion, 32%% higher than 2010 levels. – *LIMRA*

### RIAs predicted to grow at expense of wirehouses

Historical and projected market share of advisor-managed assets



Source: The Cerulli Report: U.S. Advisor Metrics 2016, Exhibit 4.09 and Exhibit 4.15.

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