

Annuity Consolidation and Linking

What is annuity consolidation?

Annuity consolidation enables you to network or link clients' directly held annuity contract information to a new or existing brokerage account on the Pershing platform. Pershing can provide your firm with files for matched and non-matched annuity contracts so you can determine which annuity contracts to include in the automated, bulk-linking annuity consolidation process.

What are the benefits of annuity consolidation for our firm?

Linking annuity information allows your firm to:

- › Offer advisors a more complete view of a client's portfolio on NetX360 and on the client's monthly brokerage account statements. Information includes annuity balances, down to the sub-account level.
- › Increase compliance oversight for post-sale annuity transactions by viewing financial activity provided by the insurance company in Report Center via NetX360.
- › Access, at additional cost, the Annuity Analytics Dashboard, a secure system that quickly and easily aggregates your firm's annuity business data into fact-based reports and presentations. The dashboard helps firms address tactical and strategic issues and facilitates improved annuity sales management and compliance oversight.
- › May assist with your firm's Department of Labor Conflict of Interest Rule compliance program.

How do our clients benefit from annuity consolidation?

Once their annuity contract information has been linked to their brokerage account, clients will have a more complete view of their investments on their brokerage account statements. Their annuity contract information will be displayed, with annuity sub-account detail, on the same document with the other investments that are held in or linked to their brokerage account.

Your clients also can view daily balances for their annuities online, with sub-account details, through your firm's NetXInvestor® site.

Your clients will see their contract information on their monthly, quarterly and annual statement as well as performance reporting if they opted in for that service

What are the advantages of Pershing's annuity platform?

Subscribe, Pershing's end-to-end annuity platform, offers a seamless interface with 55 of the country's leading insurance companies. Through Subscribe, you can streamline how you process, service and maintain fixed, variable and indexed annuities. This helps you enhance the overall experience of your clients and capture a greater share of this growing market. For more information, review the Subscribe brochure on the Resources menu in NetX360 or contact your Pershing Account Manager or Relationship Manager.

What is typically involved in the automated asset consolidation event?

There are a few steps involved in automating the linking annuities with brokerage. For example,

- › **Obtain Annuity Position Data.** If your firm uses Subscribe, Pershing can gather your current files. If not, your firm will contact the DTCC and request a copy of your firm's annuity position files be sent to Pershing for a couple of weeks.
- › **File Extract and Matching Process.** Once Pershing receives the annuity files, we will compare your direct positions to your firm's current brokerage account base.
- › **File Creation.** After the matching process is complete, Pershing will provide your firm with three files for review and approval.



- Matched Annuity Policies—The first file will contain annuities with a corresponding (matched) brokerage account. The match is performed on tax identifier and registration type.
- Non-Matched Annuity Policies—The second file will contain annuities for which a corresponding brokerage account on the Pershing platform could not be identified (unmatched). A new brokerage account will need to be opened for these clients.
- Multiple Matches—The third file will contain annuities for which we have identified multiple brokerage account matches. Your firm will confirm which account to use to link the annuity information.

- › **Client Mailings.** Upon approval of all three files by your firm, Pershing will work with the mail vendor to send out the client notifications that will be approved by your firm.
- › **Networking Positions.** Pershing does not require a client signature to network (link) annuity information to a brokerage account. Non-matched accounts require opening of a new brokerage accounts. Once the brokerage accounts are opened, we can network the annuity information. Your firm and Pershing will agree upon a deadline by which all participating clients will need to opt out of the linking event. Upon approval of the final response files by your firm, Pershing or your firm will send out the linking requests to each insurance company.

In addition, many of our carriers also support linking of life insurance contracts to a Pershing brokerage account.

What types of annuities can be linked to a Pershing brokerage account?

Fixed, variable and indexed annuities can be linked along with life insurance contracts from some companies. The products available depend on the selling agreements your firm has with the insurance companies. A list of participating insurance companies is available online.

Are there any additional fees to link annuities to a brokerage account on the Pershing platform?

If the account is a funded brokerage account, there are no additional fees to link positions. If a new brokerage account is opened, fees depend on if the account is set up for statement suppression or e-delivery. Please refer to your account fee schedule, as other fees may apply.

Will our clients need to sign new paperwork?

No. Linking an annuity does not involve the transfer of assets. Pershing will simply link annuity contract information to the client's existing or new brokerage account(s). However, if you would like to notify clients of this linking opportunity, Pershing will be glad to coordinate a client notification mailing.

Can our clients opt out?

Yes. If your firm is participating in an automated annuity consolidation event, and chooses to send client notification letters, you can include specific opt out instructions within the client communications. Clients can call your customer service number to opt out. Your firm will keep track of these clients and provide a list to Pershing. Pershing will then omit those clients from the automated linking event. To minimize the number of clients who opt out, we encourage you to reach out to them to explain the benefits of linking their annuity contract information to their brokerage account.

Will clients receive statements from Pershing as well as from their insurance company?

Yes. However, if your firm wishes to suppress Pershing's quarterly statements for annuity-only accounts, please speak to your Pershing Account Manager or Relationship Manager.

Can we still maintain relationships with the insurance companies?

Yes. Your firm and advisors should continue to maintain relationships with the insurance companies for product and process updates and information.

Are there a minimum number of annuity contracts we would need to link for the automated asset consolidation process?

Typically, a minimum of 10,000 contracts are required to use Pershing's automated networking process.

Can a client's annuity contract information be linked to his or her brokerage account outside of an automated event?

Yes. Your firm can work directly with your carriers to link existing contracts with your clients' brokerage accounts.

For one time linking, you can use the Network/De-Network function. For instructions on how to link information on a client's annuity to a brokerage account, log on to NetX360. Click on the Resources menu and search "How to link an annuity" under Resources Home. You will find a task

reference sheet titled, “How to Network/Link an Annuity Contract to a Brokerage Account.”

Networking requests will be displayed in Work Status and will include a status provided by the DTCC and by Pershing’s Annuity Operations team. The annuity contract and brokerage account must have the same registration.

Most requests will be sent to each insurance carrier through the DTCC. You can track them via Work Status under the new Request Type feature where you can select the Annuity Network/De-Network drop-down option.

Check with your Pershing Account Manager for entitlements to network or de-network contracts. Pending requests will include status information from Pershing’s Annuity Operations team and notes, including information obtained from a carrier, if there is an issue.

How can we learn more about conducting business on the brokerage platform through Subscribe?

Visit the Annuities and Insurance Solutions page on the Marketing Center under Resources in NetX360 to access materials and PowerPoint presentations regarding conducting annuity business through Subscribe.

How can I learn more about Annuity Consolidation?

To learn more about annuity consolidation, a PowerPoint presentation is also available on Marketing Center or look at specific Task Reference pages on the Learning Center, both under Resources in NetX360.



©2018 Pershing LLC. Pershing LLC, member FINRA, NYSE, SIPC, is a wholly owned subsidiary of The Bank of New York Mellon Corporation (BNY Mellon).

For professional use only. Not intended for use by the general public. Pershing does not provide investment advice. Trademark(s) belong to their respective owners.



One Pershing Plaza, Jersey City, NJ 07399

FAQ-PER-ACL2-2-18

