510 Meadowmont Village Circle
Suite 229
Chapel Hill, NC 27517
www.KehrerBielan.com

For Immediate Release:

Bank Brokerage Firms Expect "Reasonable" Index Annuity Commissions to Settle at 4%

Survey Examines How Bank and 3rd Party BDs Plan to Change Product Menus under DoL

CHAPEL HILL, NC JANUARY 25, 2017: The unanticipated inclusion of index annuities in the products requiring a Best Interest Contract Exemption under the Department of Labor's Fiduciary Standard for retirement accounts created uncertainty about how banks and credit unions would sell the product. Would some firms no longer offer index annuities in retirement accounts? What sales commissions would they accept as "reasonable sales compensation"? Would they continue to let advisors choose the mix of up-front sales and trail commissions they receive? And would they continue the current practice of accepting different levels of sales compensation for index annuities with different levels of complexity or benefits to investors?

In mid-January Kehrer Bielan surveyed the bank broker dealers and the third party broker dealers that partner with almost 3,000 banks and credit unions to ascertain how they planned to adjust their product menus, including index annuities, under the DoL Fiduciary Standard. Tim Kehrer, the firm's senior research analyst, noted that twenty firms, encompassing over 6,000 financial advisors, responded to the survey. To help the industry understand how financial institutions are planning to adapt, Midwood Financial commissioned Kehrer Bielan to provide an in depth analysis of index annuities.

According to Alan Blank, Midwood's CEO, the survey indicates that the majority of firms plan to provide the same product menu for all clients, but a surprising number plan to differentiate product offerings between retirement accounts and retail accounts.

The firms that plan to offer the same products to all types of accounts have also decided on what their index annuity offerings will look like. They will all offer index annuities to retirement accounts, a bare majority will allow advisors to choose between more than one up-front/trail commission option, and 82% expect to receive the same sales compensation for each index annuity on their menu.

A substantial number of firms that plan to have a separate product menu for retirement accounts are still undecided about whether to include index annuities in those accounts, whether to permit advisors to choose among commission options, and whether to offer index annuities with sales compensation that varies by consumer benefits. Among the firms that have decided on commission structures, the majority would not offer commission options to their advisors and want to be paid the same sales compensation for each index annuity in retirement accounts.

About Kehrer Bielan Research & Consulting. KBR&C provides the financial advice industry with insights based on a melding of research and experience in managing the delivery of investment, insurance, and wealth management services. The firm provides performance assessment and benchmarking, human resource management and development, due diligence, consumer insights, and interpretation of industry trends through its original research, unbiased consulting, and peer study groups.

Please visit us at www.KehrerBielan.com or e-mail info@kehrerbielan.com for more information.

About Midwood Financial Services, Inc. Midwood Financial Services, Inc. is the nation's largest independently owned distributor of financial products and services to banks. Founded in 2000, Midwood presently has sales and distribution agreements with over 400 banks throughout the United States, supported by a national footprint of wholesalers across the country. To learn more about Midwood Financial, please visit midwoodfinancial.com.