

**Jay S. Wintrob**

**2014 AIG Financial Distributors**

**National Training Meeting – Houston**

**Wednesday, January 8, 3:15PM (CT)**

**(Slide 0: Cover)**

- Thanks Steve, and good afternoon everyone. It's great to be together here in Houston for this important training meeting, and a great way to start what is going to be a really strong 2014.
- It's no small feat putting together a meeting of this size and importance, especially right after the holiday break when lots of us are traveling, focusing on friends and family, and recharging our batteries. Thank you Katie Cagney and Carlin Putman and your outstanding teams for a job well done. Let's give them all a round of applause. [Pause for applause]

**(Slide 1: On a mission holder)**

- We have an ambitious agenda highlighted by interesting speakers, thoughtful panels and inspiring breakouts. Not bad considering this is only our second National Training Meeting.

- That's right, it's been less than two years since we announced our Growing Together reorganization, created a unified all products/all channels distribution team – AIG Financial Distributors – and assembled THE MOST formidable distribution organization in the country.
- I look around and see many familiar faces. I see our sales management teams for VALIC, for AIG Financial Network, for Advisor Group and for AIG Direct. And I see those of you who manage our other important relationships – with financial advisors, insurance agents, broker-dealers, banks, general agencies, independent marketing organizations, and all of our key accounts.
- And I see so many of you who support every aspect of our distribution efforts – helping to address customer needs from start to finish – product ideas and development and pricing; systems, product management and marketing support; and servicing our customers – our insurance, annuity, retirement plan and mutual fund purchasers and their agents and advisors. Not so simple...Not so simple. But all of you make it work, and work very very well.

- You're a talented group of leaders and having all of you together in one room today sends a powerful message – you ARE on a mission – a mission to do more, to get better and to be successful. You are the pipeline to our prospects, a lifeline to our customers, and remarkable ambassadors of the AIG brand. And I am proud to be part of your team.
- Since we were together last January in Woodland Hills, a lot has happened. A royal baby was born, a new Pope was elected, and we lost some courageous and historic leaders from the world stage. From important events to frivolous obsessions, the folks at Google did a nice job capturing it in one minute and thirty seconds. **Please roll the video:**

(Slide 2: Goggle Video)

(Slide 3: On a mission holder)

- Thinking about the world around us helps put what we do in perspective. Why does what we do matter?
- It's a simple question. It's a profound question.

- Warren Buffett said that everything good that happened in his life can be traced to the fact he was born in the right country at the right time – in the United States of America in 1930. I can't dispute the first part of that statement. America is a great country. But the second part had me scratching my head. Why would Buffett consider 1930 a great time? Our parents, grandparents and great-grandparents were suffering through The Great Depression. Instead of a country offering unlimited opportunity, their America had been turned upside down. They were learning hard lessons that they never bargained for. Sacrifice, helping out family and friends and strangers, moderation, living within their means and good old fashioned thriftiness. They learned all of these lessons the hard way—they lived them.

- What Buffett witnessed as a small boy affected him profoundly. His father sold stocks at a local bank and the family lived comfortably. But Howard Buffett lost his job when the bank went under after the 1929 market crash, and the family struggled. Along the way, however, Howard Buffett had earned the respect of family and friends who trusted his investment advice. These relationships endured. So, with a partner, he founded a brokerage business that over time became quite successful. No doubt young Warren Buffett learned the value of relationships, hard work and uncompromising focus from his father's experience. And THAT'S why he considered growing up in this era a privilege!
- My grandmother told my father, "Eat a hunk of bread with your peach, son. It will make it go farther, because there are no more peaches." (pause) Many of us in this room are probably asking "if I was alive during the Great Depression would I have had the courage and discipline of my parents or grandparents?" Friends, this isn't so theoretical a question if we honestly consider the situation our country is in today.

- We've become a society of borrowers, of excessive consumers and of paltry savers; a country with high unemployment and underemployment, and where those lucky enough to have a job can no longer count on a pension plan to take care of them in retirement. And the main government program designed to help lift our country out of the Great Depression - Social Security - has deteriorated from a fully funded trust account designed to mitigate "the dangers of old age, poverty, unemployment, and the burdens of widows and fatherless children", into an IOU from this and future generations of American taxpayers to the growing number of baby boomer beneficiaries and longer living retirees. And all I'm going to say about Medicare and the cost of healthcare in our country is that the first is economically broken, and the second is going in one direction – higher. Yet nowhere on the balance sheet of the United States is there ANY provision for the future cost of Medicare. That program, too, is rapidly becoming an IOU from our children and their children's generations to current retirees and the baby boomers following quickly behind them. Friends, anyone who doesn't think this is the time for a renewed sense of personal responsibility is still a little hung-over from New Year's Eve.

- I take no joy in laying it all out so bluntly. But as the old saying goes, “it is what it is”. And so, slowly but surely, more and more of us are realizing we have to take greater personal responsibility for our financial and retirement security. And slowly but surely, more and more of us will take action – ask for advice, seek out a referral, engage with an advisor, develop a plan and, yes, begin to fund that plan, to sacrifice current consumption and devote hard earned dollars to address the future, by buying products that provide protection, investment and income solutions to prepare for the future.
- And the opportunities for our business will be bigger than we ever imagined. We’re still near the very beginning of a nearly two decade span of 78 million baby boomers retiring, over 10,000 turning 65 every day until 2030. And with boomers rolling their retirement assets from their 401k or 403b plans into IRAs – the money in motion will be extraordinary.

(Slide 4: Money in Motion)

- Some of you have seen this before but it is worth looking at again.

If a picture speaks a thousand words, then this slide is a Leonardo da Vinci masterpiece. The movement of retirement assets from pensions to defined contribution plans to Individual Retirement Accounts—the retailization of retirement assets - is breathtaking.

More than \$2 trillion in IRA rollovers are expected to occur in the next five years. Cerulli estimates \$18.5 trillion of retirement assets by 2017 with 46% in IRAs – up from 39% in 2011. We are talking about \$8.5 trillion in retail IRA assets by 2017. And these are very conservative projections. Cerulli estimates 6% annual growth in total retirement assets for 2013 through 2017. In 2012, total retirement assets grew by 9%. And though the numbers aren't final for 2013, we know that assets grew at least that much given the booming stock market returns of over 30%. In fact, the Employee Benefit Research Institute recently reported that the average growth rate for employee 401(k) accounts in 2013 was more than 20%. So if we assumed 9% annual growth for 2013 through 2017, and that's both contributions and market appreciation, total retirement assets would be \$21.1 trillion in 2017 and IRA retail assets would be \$9.7 trillion. You can do the math. That is a beautiful picture.

(Slide 5: On a mission holder)

- AIG Financial Distributors is perfectly situated to help Americans take greater personal responsibility. To help them pull together a comprehensive, realistic financial plan. To help them grow and protect their assets. To help them convert their savings into a lifetime of retirement income. And to show them life insurance solutions that financially protect them against dying too soon, living too long or suffering a chronic or critical illness.
- And **that's** the wonderful thing about what we do. **That's** why we matter. **That's** why **you** matter! You help people find their way, help them get started and take steps to secure their future. Working together, you have all the tools and all of the talent necessary to help families face their financial future responsibly, with a plan and sense of purpose, with greater confidence about what the future holds for them and their loved ones.
- Let's accept that challenge. Let's use what we have more effectively than ever before. Let's step up and make a difference. Starting this moment, I'm declaring that we are on a mission!

(Slide 6: AIGLR Mission Statement)

- Our mission is **to be the premier provider of protection, investment and income solutions needed for financial and retirement security**. And, thanks to your hard work and our financial strength, and because I am so confident about the amazing talent we have in this room right now, we've never been in a better position at AIG to achieve that mission. (Pause)
- Looking back on the past year, I'm in awe. You all made such great progress.
- Our 2013 financial results haven't been publicly reported so there is a limit to what I can say. However, looking at numbers through the third quarter and trends in the fourth quarter tells me we are entering 2014 with great momentum.
- Let me start by applauding your third quarter all-time record sales of \$8.4 billion. An accomplishment we should celebrate and be proud of. (Applause)

- Record sales combined with stable surrenders resulted in strong positive net flows of \$2.5 billion in the third quarter – contributing to growing our assets under management to \$304 billion. We produced solid operating earnings of \$1.1 billion last quarter – the fourth quarter in a row of over \$1.0 billion in earnings for AIG Life and Retirement. Our strong earnings allowed us to distribute \$3.1 billion in dividends to AIG for the first nine months of 2013. And even with these distributions to our parent, our shareholder’s equity at the end of third quarter was nearly \$38 billion and our fleet RBC ratio was over 500%.
- We are financially strong and we are *growing. Together.* That’s what it’s all about.

(Slide 7: Growing Together logo)

- We launched our *Growing Together* initiative in the Spring of 2012, and the returns have exceeded expectations. Today we have a more effective and efficient product, marketing, operations and distribution structure, and we are leveraging our best people, processes and technology.
- Thank you for embracing Growing Together!

- We are seeing major increases in sales of proprietary products across our affiliated distribution channels. Our total 2013 sales through Advisor Group, VALIC, AIG Financial Network and AIG Direct were up 94% year-over-year
- We are also developing deeper relationships with our other distribution partners—banks, broker-dealers, insurance marketing organizations and the like. Last year we launched 60 additional AIG Life and Retirement products through 35 strategic partners, including the launch of our immediate and deferred income annuities and life insurance products at Edward Jones, and life products and mutual funds at Merrill Lynch and Morgan Stanley.
- Now, it's one thing for me to stand here and applaud your efforts, but it's extraordinary to be recognized by our partners. Case in point:

(Slide 8: LPL photo)

- LPL Financial has singled out AIG for several achievements:

- Lynda Lee was recently named LPL Financial's Annuities Plus Key Account Manager of the Year. This was the first time a "new" Plus Partner won Key Account Manager of the Year in their first year. Congratulations, Lynda. Stand up so you can be recognized!
- We were also awarded LPL Financial's Marketing Partner of the Year. Liz Altman, Nancy Tillman and their teams collaborated very closely with Lynda and Kim Fiore throughout the year to execute on many marketing initiatives, including "Seminar in a Box." Liz and Nancy please stand so we can recognize you!
- These awards are a team effort. Kim Fiore of the Annuity account management team covering the bank arm of LPL deserves recognition. She contributed mightily to these accomplishments. Kim, please stand!

(Slide 9: Wells Fargo photo)

- Wells Fargo conducts an annual survey of its people, ranking each carrier on their service levels and support. AIG ranked #1 and earned Carrier of the Year from Wells Fargo.

- This is an incredible honor for our firm as it recognizes excellence across the board: in relationship management, sales and operations. This is the fifth year this award has been presented to a carrier and no one has won twice...yet! And Terri Fiedler tells me she and her colleagues have accepted the challenge of repeating this accomplishment in 2014.
- Talking about our strong relationships with distribution partners reminds me of a story told about the French writer Voltaire. As the story goes, Voltaire lay dying on his death bed, and a priest came to his bedside to say his last rites. When the priest asked Voltaire if he would renounce Satan, Voltaire replied "Now, now my good man, this is no time to be making enemies."
- There is a message in this story relevant to us. Yes, 2013 was a great year and momentum is building for an even better 2014. Yet, in our business, or any business, you can't become overconfident or, worse yet, arrogant or cocky based on past achievements. You can never have enough friends.

- We live in a world where change is constant – and this is especially true with our distribution partners – be it changes to their management, their ownership, their business strategies, their product preferences and the list goes on and on. So while it's extremely important for us to maintain strong relationships with our large strategic accounts and big producers, we can't forget the smaller IMO's, General Agencies, B/Ds, banks, insurance agents and financial advisors. This is no time to take anyone for granted. Everyone's point of view counts. Any firm that we have a small relationship with today could be a strategic partner in the future. And, for sure, as Voltaire said, this is no time to be making enemies.
- And I suggest to you that one of the best ways you can be even more effective this year is to work hard to see things from the perspective of others; to put yourself in their shoes. What seems like fact to some may be fantasy for others. What seems so simple to some may be complicated for others. What seems so trivial to some may be very important for others.

- I arrived last night from New York where the temperature was 10 degrees and the wind was blowing at 25mph. I thought that was pretty cold. And I noticed on weather.com that the weather reached -11 degrees yesterday when our friends from Woodbury Financial began making their way to Houston for this meeting. And I thought that was really cold. Today it's about 50 degrees in Houston. Not too bad. Yet, let's consider what happens when the temperature dips below 50 degrees in Los Angeles as it did early last month. **Please roll the video:**

(Slide 10: Jimmy Kimmel Video)

(Slide 11: On a mission holder)

- Now, I was born and raised in Southern California and have lived there my entire life. I know the rest of the country thinks we are soft when it comes to the cold. But you don't understand until you've lived there awhile and your blood begins to thin. You don't own a winter coat. A person truly loses their tolerance for cold weather!

- Besides it being a funny video, the video is a good reminder to keep a sense of perspective when building relationships with others – taking into account different backgrounds, values, experiences, agendas, pressures and all of the factors that make each one of us unique. Each one of us has our own World View. To be more effective in building and growing a relationship with others, understand their world view. Get to know more about where they are coming from. And THEN get to know them even a little bit better.
- We're fortunate to work with such a diverse and talented team of colleagues throughout AIG. The breadth and depth of this amazing global company is awesome. There is so much more we can learn from each other than many in this room might believe. And to truly learn from each other, we must be candid and everyone must have a voice, especially when you believe that something is not right or could be better.

- The Scottish writer Hugh Miller said “Problems are only opportunities with thorns on them.” Rather than run from a problem, don’t be afraid to speak up, be candid and honest and raise issues with your colleagues and up the chain. Think of it as an opportunity. No one is perfect; no individual has perfect knowledge and vision. **We are stronger because we value the insights and advice of others. We listen. And working even better together to resolve issues, to resolve problems, to remove those thorns, is the only way we will uncover those opportunities and continue to get better and grow.**
- Now, I have to be honest with you. Some people are saying that our phenomenal results in 2013 were driven more by external tailwinds. Driven more by strong equity markets, rising interest rates and the pulling back by certain of our competitors than by our own, **your own**, remarkable hard work, determination, ingenuity, and best in industry skills and relationships. I don’t believe it. Not for one moment. Your results were not just luck or circumstance or whatever some naysayers, envious naysayers, might be thinking or saying.

- Our results were because you are damn good. We have the strongest, most diverse distribution organization in the country. You have worked together to deepen relationships with our distribution partners and to offer more of our products on their platforms. You have been champions of our home team products because you believe in them, because they are competitive and because they address the needs of our customers. You have built strong relationships with financial advisors and agents. You have transformed a siloed distribution organization into a cohesive force committed to our mission of being THE premier provider of protection, investment and income solutions need for financial and retirement security.

(Slide 12: Thank You!)

- And for all that you have done I say THANK YOU. I thank our business leaders and their product development teams for being innovative and swift in developing the products and features your clients need. I thank our marketing teams for providing you with award winning marketing and sales campaign materials. I thank our technology teams for developing industry leading solutions that make it easier and more enjoyable to do business with us. I thank our customer and sales support operations teams for providing excellent service and treating our customers like they are always right. And I thank all of our functional teams for their hard work in helping us exceed our goals while ensuring that we manage our risk, remain financially strong and conduct our business in a transparent, compliant and ethical manner.
- We are far from perfect and know we can improve and grow. We will not take our relationships for granted. We will try to see the world from the perspective of others so we can better understand how to be effective in building our relationships with them. And, yes, you are damn good.

- And because you're so good, we are setting the bar high for 2014. And nobody knows whether we will continue to see tailwinds this year or face headwinds. Let's work together to show the naysayers that we can deliver the goods, deliver the results, across different and changing market and competitive environments.
- Our final 2013 premiums and deposits through AIG Financial Distributors will be approximately \$24 billion. Our budgeted goal for 2014 will be to increase our premiums and deposits from the 2013 level by over 20%. And we are expecting sales increases – in many cases double digit increases - in every single one of our major product lines – variable annuities, index annuities, fixed annuities, immediate and deferred income annuities, group retirement products, life insurance and mutual funds.
- And we plan to invest in our distribution organization to support our growth objectives. Our 2014 budget for AIG Financial Distributors is over 10% higher than it was in 2013. And I hope the compensation overrides are budget busters because that will reflect a remarkable sales year.

- Me—I'm confident we will prove the naysayers wrong and not only meet our goals but exceed them.

(Slide 13: "What would you do if you knew you couldn't fail?")

- Speaking of goals. A close friend recently asked me, "What would you do if you knew you couldn't fail?" This simple question is both powerful and profound. If we removed all of the limits, all of the boundaries, all of the "if onlys" and all of the "woulda, coulda, shouldas". **If we knew we couldn't fail what would we do?**
- I encourage each of you to think about this question and answer it for yourself. Put aside your self-doubts and fears and think big. Be bold. Be a visionary. If you truly open your mind, you can take your results and your career to a higher level. [Turn to Steve Maginn]
- Steve Maginn, I'm challenging you with the same question. What can AIG Financial Distributors do if you knew you couldn't fail? I've got a few ideas, but I'm going to let you work out the answer yourself and with your team.

(Slide 14: On a mission holder)

- Last month, we lost a great leader and a greater person, Nelson Mandela. Among his many great comments, Mandela said, "It always seems impossible until it's done". It always seems impossible until it's done.
- I'm honored to stand before you today. You represent the best of AIG. Together, as One AIG, we are on a mission, we will exceed our goals, and we will reach new heights! *Bring on 2014! Bring on tomorrow! And, together, Let's Get it Done!*

*(Slide 15: Bring on tomorrow)*

- *THANK YOU.*
- I would be happy to take any questions you might have.

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