

# State Lottery Annuity Solution



## Financing, insurance and administrative solution to strengthen your lottery program

MetLife offers a financing option for a state's lottery organization to manage payouts to winners, backed by guarantees<sup>1</sup> that address concerns about risk. The annuity can be shaped to fit virtually any lottery design with payout options such as guaranteed payment for life or payments over a set period of years.

A number of lottery organizations are partnering with insurance companies to help manage the risks and costs associated with lottery payouts, including:

- Longevity risks associated with “win for life” games; and
- Administrative costs such as investment management of Treasury STRIPS or other funds.



## Benefits of MetLife's State Lottery Annuity Solution

MetLife offers a flexible solution that both winners and a state's lottery organization can rely on. The MetLife State Lottery Annuity Solution provides winners with secure income while eliminating the lottery organization's investment and longevity risks associated with its income guarantees to winners. By choosing to insure its annuity obligations, a state's lottery organization benefits in the following ways:

**Reduce or eliminate risk** — The liability to fund the lottery payouts over the length of the annuity is transferred to MetLife, minimizing or removing risks, such as longevity risk and market risk.

**Cost effective and simple solution** — The MetLife State Lottery Annuity Solution's cost compares favorably to other financing approaches, such as Treasury STRIPS. Through this solution, the state's lottery organization receives a competitively priced solution that is tailored to meet its specific needs. This provides a more efficient way of managing guarantees to winners, maximizing the value of the lottery program both to its winners and to the state programs it supports.

**Flexible administrative options** — We can reduce the administrative burdens by making direct payments to winners and handling tax reporting, if the state chooses.

**Flexible design** — The MetLife State Lottery Annuity Solution provides income structures tailored to the winners' payments. These include guaranteed lifelong income and guaranteed income for fixed periods. One contract can also cover purchases for future winners, simplifying the entire process.<sup>2</sup>

**Strengthen and develop lottery program** — The state's lottery organization is relieved of the responsibilities associated with managing the assets supporting its lottery obligations, allowing the state's lottery organization to focus more on game development and lottery sales.



## The MetLife advantage

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**A Leader in the annuity market<sup>3</sup>** — For 150 years MetLife has been one of the most trusted financial institutions in the United States. MetLife wrote its first group annuity contract in 1921 and its first lottery annuity contract over 40 years ago.<sup>4</sup> MetLife provides benefit payments to over 900,000 annuitants every month.<sup>5</sup>

## Financial strength and business leadership

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MetLife's Retirement & Income Solutions division, the company's institutional retirement business, issues products through Metropolitan Life Insurance Company and Metropolitan Tower Life Insurance Company, two wholly owned subsidiaries of MetLife, Inc. Retirement & Income Solutions issues products for transferred pension liabilities, stable value, institutional income annuities, benefits funding and structured settlements.

Through Retirement & Income Solutions, MetLife offers lottery payments in nine states and is a leader in the annuity market.

Please contact a member of the MetLife team for more information.

1. All guarantees are subject to the financial strength and claims-paying ability of Metropolitan Life Insurance Company.
2. Currently available in most states.
3. LIMRA Secure Retirement Institute's U.S. Group Annuity Risk Transfer Survey – Terminal Funding Assets as of June 30, 2018.
4. Available through group annuity contracts issued by Metropolitan Life Insurance Company. Like most annuity contracts, MetLife's contracts contain limitations, exclusions and terms for keeping them in force. Ask a MetLife representative for costs and complete details.
5. As of December 31, 2017.

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