



EQUITABLE

Enduring strength in uncertain times

Throughout our 161-year history, Equitable has helped clients prosper and persevere through all types of economic conditions, providing protection, advice and solutions — all with the expectation of perpetual capital strength and stability. We take that expectation seriously, as we promise to stand behind our obligations and guarantees. To accomplish this, we make thoughtful and deliberate decisions to prudently manage risk.

Our mission is clear and simple: help our clients secure their financial well-being so they can pursue long and fulfilling lives.

In these uncertain and unsettling times, Equitable is here for you — to help you face the future with strength, courage and wisdom.

Frequently asked questions

1

How is Equitable positioned to handle these challenging and uncertain times?

In the face of the current health crisis, economic uncertainty and volatile market conditions, Equitable is well-positioned to fulfill our obligations and guarantees. We do this by managing our business to an economic model that protects our balance sheet against declines in interest rates and equity markets, even in extreme conditions.

To that end, Equitable has:



A strong balance sheet and capital position.



Diversified, high-quality investment portfolio.



Prudent risk management processes.

2

How does Equitable back its obligations and guarantees to its clients?

We have the utmost confidence in the strength of our business and in our ability to deliver on our promises to clients. Equitable's assets, which include reserves and capital, back our guarantees. Our well-proven hedging strategy protects our balance sheet by offsetting changes in our liabilities due to declines in interest rates and equity markets. As a result, we have more than enough capital to fulfill our client obligations, even in the most extreme market scenarios.

3

How can Equitable continue to offer its product guarantees during times of such strong market volatility?

We recognize that in times of market volatility, there is an even greater need to help clients secure their financial well-being. We adhere to the highest risk management standards in the industry, which enable us to deliver on this mission.

Our prudent and effective risk management strategy includes several key elements:



Dynamic and static hedging.



Disciplined product design and approval process.



Conservative reserves and capital levels.



Diversified, high-quality investment portfolio.

Therefore, clients can be reassured that Equitable will continue to offer solutions specifically designed to help clients protect against risk, manage volatility and preserve assets.

4

What is hedging and why do you use it?

A hedge is a financial instrument used to reduce or cancel out the risk of an underlying investment. By purchasing a variety of hedging instruments, Equitable helps offset risks associated with our products, guaranteed riders and interest rate exposure.

Our risk management program includes a two-pronged approach:

- A dynamic hedging strategy that offsets changes in our liabilities due to markets.
- A static overlay that provides additional protection in extreme markets.

With dynamic hedging, we use highly liquid financial instruments, such as futures and swaps, and rebalance our positions daily to ensure our assets match our liabilities. Hedging makes interest rate movements irrelevant to our economic liabilities. This protects our balance sheet, reduces economic losses and supports our ability to provide the guarantees our clients need.

5

How does Equitable use product design to control financial risks?

Prudent product design is part of our risk management strategy and provides us with a way to do what's right for our clients – by offering benefits such as protection from market volatility and lifetime income guarantees – without overextending our financial position as a company.

An example of this is Structured Capital Strategies® (SCS):

- The first of its kind “buffered” annuity.¹
- Combines equity growth exposure with some downside protection.
- Pertinent in times like these, when market volatility is high.

Since SCS is fully hedged, it also provides stability and security for Equitable, as it does not jeopardize our balance sheet.

Our products are designed for the long term, are competitively priced and offer benefits that add real value to clients. For example, our life insurance products provide clients and their loved ones a financial security benefit that can take the form of a death benefit or, potentially, an accelerated death benefit that can be used to pay for long-term care costs for the client.

Ultimately, our clients can feel confident the product they purchase and the benefits they depend on will be available when they need them.

¹ The technical name for this product is a Registered Index Linked Annuity.

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How does Equitable protect clients against market volatility?

One way we do this is by offering products that include guarantees, such as lifetime income and downside protection. In addition, clients can invest in a variety of funds strategies based on their risk tolerance. For example, in some products, we offer a suite of volatility-managed strategies that protect clients when market volatility increases. Each strategy provides many levels of risk management, including a variety of asset classes, actively and passively managed components, multiple investment managers and automatic adjustments to help compensate for market volatility.

7

Does Equitable use reinsurance in its risk management?

Equitable reinsures a portion of our insurance policies, which allows us to transfer a portion of the risk to another insurance company. This reduces the risk to Equitable and allows us to take on clients who might otherwise have presented too great a burden to the company.

8

Does Equitable have enough capital to withstand an extreme market scenario?

The short answer is yes, we absolutely do. Equitable has a strong capitalization and liquidity profile to support our business and a robust hedging strategy that protects our balance sheet. One measure of financial strength is risk-based capital (RBC),² a regulatory capital standard that ensures companies hold enough capital to support their business.

We reported an RBC ratio of

500%
as of year-end, which is well
above our minimum target of
375%-400%
and in excess of
regulatory requirements.

We also protect our capital with our hedging program, which ensures we are fully hedged against changes in our liabilities due to market conditions. Overall, we are well-capitalized and well-positioned to deliver on our obligations, even in extreme market conditions.

9

What is the credit risk of Equitable's general account investments?

Like in our overall business, risk management is at the heart of our general account investments. We continually monitor conditions and make adjustments as we see appropriate.

We also actively monitor and manage our credit risk, as reflected by our strong credit scores.

More than **98%** of the portfolio is investment grade and we are heavily weighted in long-duration U.S. Treasuries. We have minimal exposure to structured securities, alternatives and corporate bonds, which are often used in the industry to increase and improve yield.

Both of these scores are indicators of low credit risk:

- A2 credit rating on our overall portfolio.
- A3 credit rating on our general account.

² RBC is determined by statutory guidelines and formulas that consider, among other things, risks related to the type and quality of the invested assets, insurance-related risks associated with an insurer's products and liabilities, interest rate risks and general business risks.

10

What are Equitable's current financial strength ratings?

We are in a very strong financial strength position as recognized by rating agencies:

A
Excellent
Stable as
of 12/19/19

A.M. Best

A.M. Best's Financial Strength Rating is an opinion of an insurer's ability to meet its obligations to policyholders. A.M. Best ratings range from A++ to S. A plus (+) or minus (-) following the rating shows relative standing within the major rating categories. The "A" rating for Equitable represents the third highest among 15 rating levels.

A2
Good
Stable as
of 8/26/19

Moody's

Moody's Insurance Financial Strength Ratings are opinions of the ability of insurance companies to repay punctually senior policyholder claims and obligations. Moody's ratings range from Aaa to C. Moody's applies numerical modifiers 1, 2 & 3 in each rating classification from Aa to Caa. The modifier 1 indicates that the obligation ranks in the higher end of its rating category, the modifier 2 indicates a mid-range ranking and a modifier 3 indicates a ranking in the lower end of that rating category. The "A2" rating for Equitable represents the sixth highest among 21 rating levels.

A+
Strong
Stable as
of 11/18/19

Standard & Poor's

A Standard & Poor's Insurer Financial Strength Rating is a current opinion of the financial security characteristics of an insurance organization with respect to its ability to pay under its insurance policies and contracts in accordance with their terms. Standard & Poor's ratings range from AAA to R. A plus (+) or minus (-) following the rating shows relative standing within the major rating categories. The "A+" rating represents the fifth highest among 20 rating levels.

For more information, visit equitable.com.

"As of" date indicates the last public statement by the rating agency.

About Structured Capital Strategies®

A variable annuity such as Structured Capital Strategies® is a long-term financial product designed to help you save for retirement. It's a contract between you and a life insurance company: you make an investment, and the company commits to future benefits for you, such as a guaranteed return, a source of income in retirement or a death benefit to your loved ones. Some variable annuities, including Structured Capital Strategies®, let you partially protect your savings while investing for growth potential. Variable annuities are subject to investment risks, including possible loss of principal invested, and generally contain certain exclusions and limitations, so be sure to learn about the rules and potential risk before you invest.

The Structured Capital Strategies® variable annuity contract is offered by prospectus, which you can obtain from your financial professional or Equitable. The prospectus contains detailed information about investment objectives, risks, charges and expenses. You should read the prospectus and consider this information carefully before purchasing a contract or sending money.

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Variable Annuities: • Are Not a Deposit of Any Bank • Are Not FDIC Insured • Are Not Insured by Any Federal Government Agency
• Are Not Guaranteed by Any Bank or Savings Association • May Go Down in Value

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