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## A Bold, Direct-Sold, Multi-Premium DIA from Nationwide

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By Editorial Staff Thu, Apr 6, 2017

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Anticipating the Uberization of annuity sales, Nationwide is piloting a potentially all-digital, direct-sold, multi-premium income annuity called “Guaranteed Retirement Income from Nationwide.” It would provide “monthly income for life after age 65 in exchange for small, consistent contributions over time,” the company said in a release this week.

The new product, currently available only in a pilot program in Arizona and accessible only through a [portal](#) on Nationwide’s website and not available from advisors, is designed for middle-class investors over age 35 with household incomes between \$50,000 and \$200,000, Nationwide senior vice president of life and annuities Eric Henderson told RIJ in an interview today.

Marketing for the program will be largely passive, as Nationwide expects that self-directed people looking for retirement income will come across links to the portal during their online searches. If the program is successful in Arizona, the company plans a national launch.

According to Nationwide:

- Consumers can sign up for the product and manage their accounts online. There are no fees to sign up or for on-going administration.
- Contributions can be as small as \$10 per month or \$120 a year.
- The product is a fixed annuity, paying an income that isn’t affected by market volatility.
- Participants can contribute between \$120 and \$12,000 a year for 15 years or until they are 65, whichever is the longer period of time.
- Customers may contribute monthly, quarterly or annually and can increase or decrease their contributions at any time.
- Nationwide requires purchasers to make at least one payment per year for at least 15 years or it will return the premium to client without interest. Paying interest on surrenders would encourage clients to look at the annuity as an investment account,

not an income source, Henderson said.

- If the purchaser dies, any unpaid premium is returned to his or her heirs without interest.
- Purchasers permanently lock in the interest rate that's used at the time of their first payment. For the sake of simplicity, benefits are not recalculated when interest rates change.
- An online calculator will show people, for instance, how much monthly income they can expect in retirement in return for predictable monthly contributions.
- People with existing accounts can use a calculator after logging in to simulate changes to contributions and potential outcomes.

The product's strategy and design are predicated on Nationwide's market research, which has shown that more than half of middle-class Americans don't work with a financial advisor, that most retirement savings options are too complex, and that only 58% of workers in the U.S. have access to an employer-sponsored retirement plan.

Nationwide has also concluded that enough people are now adequately comfortable with an all-digital solution, even for traditionally "sold, not bought" income annuities. The program is designed to be done entirely online, in do-it-yourself fashion, without even the licensed representatives that one might encounter while buying an annuity through Hueler's Income Solutions, Immediateannuities.com, Annuityfyi.com, or Fidelity's annuity platform. It's Nationwide's acknowledgement of the digital future, according to Henderson.

"Our research found that most consumers are comfortable managing their finances online, and fewer middle-income consumers are using financial advisors to help with retirement planning," he said in a release.

"We also know that these consumers prefer to conduct upfront product research online. Guaranteed Retirement Income from Nationwide provides consumers with an online retirement income savings option that doesn't require a large initial investment."

As of March 2017, Guaranteed Retirement Income is available exclusively to residents of Arizona between the ages of 35 and 70. The state's middle-market demographics reflect the country's and the company's "solid brand presence and awareness in the state" made it natural choice for the pilot, Henderson said.