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## Allianz Life issues no-commission fixed indexed annuity with income riders

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By Editorial Staff     Thu, Feb 9, 2017

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*Retirement Foundation ADV offers two income options. One starts with a higher age-dependent payout percentage that is fixed for the life of the contract. The other has a lower starting payout but the percentage increases by 25 to 55 basis points per year.*

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Allianz Life has offered its first fee-based fixed indexed annuity (FIA), calling it the Retirement Foundation ADV annuity, Allianz Life Insurance Company of North America announced this week.

The new [product](#) is part of a slowly developing post-DOL-fiduciary-rule trend toward indexed and variable annuity products that can be sold by advisors who charge an annual fee based on assets under management rather than receiving a commission from the annuity issuer.

So far, no authority appears to have questioned whether advisors should charge a full management fee on the assets in a packaged product such as an annuity. Defenders of commission-based annuity sales have long argued that annual management fees can potentially cost a client more than an upfront commission would have.

Retirement Foundation ADV offers two guaranteed lifetime withdrawal options. The first offers a fixed percentage payout that depends on the age at which income begins. Its age bands start at 4% per year at ages 45-49 for single contracts (3.5% for joint contracts) and rise 10 basis points with each year of delay, until reaching 7.9% (7.4% for joint contracts) if income begins at age 80.

Alternately, clients can take a payout that starts at 3% (2.5% for joint contracts) but increases each year. The annual payout increases are 25 basis points for those who start income at age 50 and rises by one basis point per year of delay until reaching 55 basis points at age 80. The income rider automatically applies at issue and costs 1.05% of the accumulation value (account value) each year. The rider charge continues even after income payments begin.

The account value (and income received) goes up each year by the interest credited, if any, under the annual point-to-point index crediting method. Policyholders can choose any combination of the four available indices: the S&P 500, Nasdaq-100, Russell 2000, or Barclays US Dynamic Index II. There's a cap on annual interest gains that is re-determined

at the start of every contract year.

Before income begins, there's also a potential market value adjustment on withdrawals in excess of the 10% allowed by law. The adjustment either increases or decreases the withdrawals, depending on whether corporate bond yields have gone down or up.

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