
Allianz Life re-enhances living benefit rider

By Editor Test Thu, Oct 18, 2012

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The annual "rollup" on the optional Income Protector rider of the Allianz Vision variable annuity will increase to 6% from 5% on contracts issued on or after October 15, 2012, Allianz Life Insurance Company of North America said this week.

The rollup had once been as high as 7% a year. Then it went down, and now it has recovered half of its loss. "The rollup was previously higher," an Allianz Life spokesman told RIJ. "We reduced the annual increase from 7% to 5% on July 23, 2012 due to market conditions. Because the environment has stabilized, we were able to bring the annual increase back up to 6%, effective on Income Protector Riders issued on or after October 15, 2012."

The rollup is a bonus credited to the contract's guaranteed income base, which is used to calculate the income payout, as long as certain conditions are met. The rollup is not linked to the contract's cash value.

The Income Protector's rollup continues for potentially longer than rollups on most VA living benefit riders. As long as the contract owner doesn't begin taking income, the benefit base goes up by 1.50% simple interest each quarter for up to 30 years or until the contract owner reaches age 91, whichever is sooner. People who buy the contract at age 40, for example, could benefit from the rollup until age 70.

The subaccounts offered to those who choose the rider include four Allianz Fund of Funds, five intermediate bond funds, a PIMCO high-yield portfolio, an Allianz cash equivalent fund, and seven "speciality" funds. The accounts of rider owners are rebalanced quarterly.

The payout rate between ages 60 and 64 under Income Protector is 4% for individuals and 3.5% for couples. For people 65 to 79 years old, the payout rate is 4.5 for individuals and 4% for couples. For those 80 years old and older, the payout rate is 5.5% for individuals and 5% for couples.

Allianz Vision Variable Annuity mortality and expense risk charges range from 1.40% to 1.70% depending on the contract selected. The optional Income Protector rider is available for an additional current annual charge of 1.20% for single or joint Lifetime Plus payments. The annual rider charge is subject to change, but will never be less than the minimum charge of 0.50% or exceed the maximum of 2.50% for single or 2.75% for joint. The rider charge cannot increase/decrease more than 0.50% in any 12-month period.