
Allianz Life's New Index Annuity Offers Multiple Income Options

By Editor Test Tue, Dec 1, 2009

With a bonus, a roll-up, three crediting methods, four index options and up to five payout choices, this product gives investors plenty to think about.

Allianz Life has introduced a new fixed index annuity that offers a premium bonus and enhanced accumulation of the initial contribution to investors who wait five years and then take income over at least a 10-year period.

Under the contract, Endurance Elite, which requires a \$10,000 initial premium or more, the owner has a contract value and an "enhanced withdrawal benefit," or EWB. The starting EWB, which equals the first-year premium plus a 10% bonus, earns an "enhanced interest credited at a factor of 105%," according to product literature.

If the interest rate credited to the contract is 8%, for instance, the EWB would grow by 8.4% ($8\% \times 105\%$). If the accumulation value does not earn interest in a given period, the EWB value doesn't change unless the owner makes a withdrawal. The contract owner can choose a monthly sum, monthly average, or annual point-to-point crediting method.

After a five-year surrender period (starting with an 8% charge), the owner can take regular income. He or she can take an income of up to 10% of the EWB per year for at least 10 years, or spread the distribution of the EWB over his or her lifetime.

Individual owners in their 60s can take 5.0% of the EWB for life, owners in their 70s can take 5.5% for life and owners ages 80 to 90 can take 6.0% for life. For joint contracts, the payout rates are 4.5%, 5.0%, and 5.5%, respectively.

After the surrender period, the owner can also annuitize the accumulation value (life or period certain), but will not receive the bonus or enhanced interest. The accumulation value can also be taken over a 10-year period, or the client can take a payout of interest only for five years, followed by payment of the remaining accumulation value. There are also a flexible withdrawal benefit rider and a death benefit rider available at additional charges.

The contract earns interest either at a fixed rate or at a rate indexed to the S&P 500, the NASDAQ 100, The FTSE 100, or to a blend of the Dow Jones Industrial Average (35%), the Barclays Capital U.S. Aggregate Bond Index (35%), the Dow Jones EURO STOXX 50 (20%) and the Russell 2000 (10%). The owner can change allocations each year.

Allianz Life also offers an Endurance Plus variation to this contract. It adds a 20% bonus to all premiums paid during the contract's first three years. The Plus contract must be held for 10 years before income begins. When an index annuity contract includes a bonus, the crediting method may include a lower participation rate or cap than on a non-bonus contract, or other restrictions.

