
Another buffered index annuity, from Great American

By Editorial Staff Thu, Mar 29, 2018

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Great American Life has introduced a variable-indexed annuity, the [Index Frontier 7](#). The contract links investor returns to the performance of several indices, including the S&P 500 Index, iShares U.S. Real Estate ETF or the SPDR Gold Shares ETF.

“The potential for stock market corrections could mean it is time for consumers to rebalance their financial portfolios,” said Joe Maringer, national sales vice president, Great American Life, in a release. The product will be sold by commission but a no-commission version is planned, Maringer told *RIJ*.

Variable-indexed annuities were introduced in 2014, sales in the category were less than \$500 million. Sales of these products exceeded \$9 billion in 2017, the Great American release said.

The current version of Index Frontier 7 offers a -10% floor, which prevents any loss beyond 10%. It doesn't offer a buffer; a -10% buffer would protect investors only from the first 10% loss; any further loss is borne by the investor.

The caps for the “growth” versions of the index strategies are 11.5% for the S&P 500, 14.0% for the SPDR Gold Shares and 20% for the iShares U.S. Real Estate ETF. The caps for the “conserve” versions of the index strategies are 4.50%, 5.25%, and 6.5%, respectively.

“We have a zero floor ‘conserve’ version—you can think of it a traditional FIA strategy. Then we have the “growth” -10% option. If you only wanted 5% exposure on the downside you could allocate 50/50 into each of the strategies,” Maringer said.

“Or, if you captured a gain in one year, say up to the 20% cap on real estate, you could then move the principal and the gains into the zero floor option to protect from losses and still participate should there be growth. It offers a true insurance component on what is a registered product.”

According to a product brochure, the caps for Index Frontier 7 do not have annual administrative fees, mortality and expense charges, or 12b-1 fees.

The product offers tax-deferred growth, lifetime income options and a seven-year early withdrawal charge period. There's a \$25,000 minimum initial contribution requirement and a \$10,000 minimum for subsequent contributions.

Great American Life Insurance Company is rated "A+" by Standard & Poor's and "A" (Excellent) by A.M. Best for financial strength and operating performance. It is a subsidiary of American Financial Group, Inc. (AFG), a Fortune 500 company with assets of \$60 billion as of December 31, 2017.

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