
AXA Equitable puts flexibility in its variable annuity roll-up

By Editor Test *Wed, Sep 14, 2011*

Beginning with the third contract year, the roll-up rates of the Retirement Cornerstone variable annuity will be tied to the current 10-year Treasury rate plus 1.5% and will renew annually, AXA Equitable Life said.

AXA Equitable Life has tweaked the terms of the income benefit rider of its Retirement Cornerstone variable annuity to adapt to today's perplexing interest rate environment.

The insurer announced today a special two-year rate hold on the deferral bonus roll-up and annual withdrawal rates on the benefit bases of its Retirement Cornerstone variable annuity's optional guaranteed income benefit rider.

The rates now in effect and valid through Dec. 31, 2011, are a 6% deferral and a 5.5% withdrawal. New business contracts issued Sept. 1, 2011 and later receive the deferral bonus roll-up and withdrawal rates that are in effect at contract issue for two contract years.

The product's roll-up benefit base is used to calculate Retirement Cornerstone's guaranteed minimum benefit or annual withdrawal amount. During the special two-year rate hold period, the 6% deferral bonus roll-up rate compounds on the roll-up benefit base, until clients begin to take withdrawals. A 5.5% annual roll-up rate on benefit bases compounds *after* the first withdrawal, within the two-year period.

Beginning with the third contract year, the roll-up benefit bases will have roll-up rates tied to the current 10-year Treasury rate plus 1.5% and will renew annually. Once a contract holder begins taking withdrawals (known as the "income phase"), the annual roll-up rate is equal to the 10-year U.S. Treasury rate plus 1%. Both rates can be as high as 8% and will never be less than 4%.

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