

Eagle Life adds new income-focused FIA with roll-up

By Editorial Staff Thu, Nov 21, 2019

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Eagle Life Insurance Company, a subsidiary of American Equity Investment Life, has added the Eagle Select Income Focus fixed index annuity (FIA) contract to its lineup of Eagle Select FIAs. The contract, which is distributed through broker-dealers and banks, emphasizes lifetime income through a living benefit with a multiplier in case of disability.

According to the product [brochure](#), the living benefit includes two deferral bonus options, which adjust the “Income Account Value” (IAV) on which the monthly payout is based. There’s a free 5% (simple interest) annual increase in this benefit base that lasts 10 years or until income begins, whichever is sooner, and a 10% (simple interest) annual increase that has an added fee equal to one percent of the contract value. If the contract value is higher than the benefit base when income begins, the contract value will be stepped up to the benefit base or IAV.

With the Fed’s three 25 basis-point rate reductions in Fed funds rate in the past year, annuity benefits have dropped. In the case of the Eagle Select Income Focus contract, at age 65, the payout rates are 4.4% of the IAV for a single life contract or 3.78% for a joint life contract. So, for example, a 55-year-old couple paying a \$100,000 income could withdraw 3.78% of \$150,000 (\$5,670) at age 65 under the free living benefit and 3.78% of \$200,000 (\$7,560) under the option with a 1% fee.

For comparison, a single-premium immediate joint-life annuity for a 55-year-old couple with a \$100,000 premium would pay out \$7,068 per year. Adding a cash refund or a 10-year period certain feature would reduce the payments by \$7 or \$14 a month, respectively.

The new contract, now available, offers clients a lifetime income benefit rider with “Wellbeing Benefit” option. If a contract owner becomes unable to perform two out of six activities of daily living, he or she can use the option to enhance income payments for up to five years. The enhancement is 200% for a single life contract owner and 150% each for the two owners of a joint life contract.

The option doesn’t require confinement in a nursing home and no annual fee is applied to the contract. Contract owners can make multiple premium payments without adding more

years to the seven-year surrender period. Starting in year two, contract owners can make withdrawals of up to 10% of the contract value penalty-free.

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