

Fees will soon rise on several VA contracts: Morningstar

By Editor Test Wed, Nov 7, 2012

The carriers who recently limited additional investment dollars into existing variable annuity contracts and benefits include Allianz, AXA, MetLife, John Hancock, Prudential and Transamerica, Morningstar said.

Variable annuity carriers filed 106 annuity product changes in the third quarter of 2012, making for an active period according to Morningstar's third-quarter annuity [product update](#). This compares to 168 new filings during the second quarter of 2012 and 40 in Q3 of last year.

Morningstar took notice of the fact that some VA carriers are eliminating add-on payments, also known as subsequent payments or "sub-pays." The carriers who recently limited additional investment dollars into existing contracts and benefits include **Allianz, AXA, MetLife, John Hancock, Prudential** and **Transamerica**.

New York Life re-entered the individual VA market after a long hiatus, Morningstar said, referring to the firm's Income Plus product. The product was issued as a variable annuity with an optional guaranteed minimum income benefit rider and as a deferred income annuity.

Product changes that Morningstar said were in the "pipeline" included:

- In October **Allianz** is raising the fixed percentage step up to 6% from 5% on the Income Protector GLWB. The simple interest is credited quarterly before the first withdrawal (or age 91). The change applies to new sales.
- Fees will increase on six different **Genworth** benefits to 1.25% on December 3rd.
- **Jackson National** is dropping the joint option on its LifeGuard Freedom 6 Net and Flex benefits effective Oct. 15. This applies not only to new contracts but also to existing contracts that do not have the option elected. Jackson is also eliminating the bonus credits on contracts, which range from 2% to 5%. In addition, the Perspective Advisors II and Perspective Rewards VA contracts are closing.
- **John Hancock** is closing multiple contracts effective October 15th: Venture Opportunity A-Series, Venture Opportunity A-Share (national & NY), Venture Opportunity O-Series, Venture 4 (national & NY) and Venture (national & NY) In addition, purchase payment restrictions were added to multiple JH Venture contracts on October 15th.
- **Lincoln** filed changes to the Lincoln ChoicePlus and American Legacy Fusion contracts. The fee for SmartSecurity Advantage will increase from 65 bps to 85 bps (single) or 85 bps to 100 bps (joint). In addition the withdrawal percentages for Lifetime Income Advantage 2.0 will change, though new age bands were not specified. The changes are effective in December 2012.
- **Nationwide** is launching a new I-share contract (Destination Income) on November 15th. The fee is 70 bps and it carries a lifetime withdrawal benefit (100 bps).
- **Protective** is increasing the fee for Protective Income Manager to 1.20% (1.30% under the RightTime option) effective December 10th. SecurePay R72 is closing, to be replaced by a new SecurePay benefit with a different roll-up percentage that was not specified in the supplemental filing.
- On October 1st **Pacific Life** will increase fees on multiple versions of its CoreIncome Advantage benefits. Fees increases ranged from 10 to 20 bps.

- The **RiverSource** Accumulation Protector Benefit (multiple versions attached to different contracts) fee increases to 1.75% on October 20th.

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