

Fidelity to help participants buy income annuities

By Editorial Staff Thu, Nov 25, 2021

The new 'Guaranteed Income Direct' program gives workers the option of purchasing an immediate income annuity, with institutional pricing and offered by an insurer they choose, along with digital tools to help them decide how much to annuitize.

“Guaranteed Income Direct,” a new service from retirement plan giant Fidelity Investments, allows Fidelity plan participants to convert a portion of their 401(k) or 403(b) savings into an immediate income annuity to provide pension-like payments throughout retirement, a Fidelity release said.

Scheduled to launch for select clients in the first half of 2022, Fidelity Guaranteed Income Direct will have broad availability in the second half of 2022, Fidelity said.

Available to nearly eight million workers on Fidelity’s workplace savings platform who are nearing retirement, Guaranteed Income Direct “addresses the growing interest among employers and employees for a guaranteed income annuity option that is connected to the company’s retirement savings plan and provides direct access to guaranteed income products,” the release said.

Demand for annuities as a retirement savings distribution option is increasing for several factors, the release said, including:

- More employers feel more comfortable having workers keep their savings in the company’s savings plan when they retire.
- Employers feel more responsibility to offer their employees the ability to turn some or all of their retirement savings into a steady income.
- 78% of workers are interested in putting some of their retirement savings into an investment option that would guarantee them monthly income when they retire and help ensure they don’t outlive their savings, according to research cited by Fidelity.
- The passage of the SECURE Act has reduced the fiduciary risk for employers and made it easier for them to provide annuities as a retirement plan distribution option.

Guaranteed Income Direct gives workers the option of purchasing an immediate income annuity, with institutional pricing and offered by an insurer they choose, along with support and digital tools to help them decide how much guaranteed income they need. Individuals can convert any amount of their retirement plan savings, regardless of where their money is saved (mutual funds, etc.) to guaranteed retirement income, based on their personal needs.

Any savings that are not converted to an annuity can remain in the workplace savings plan. The experience is integrated with Fidelity's employee benefits portal, which also includes education and support from Fidelity to help employees as they consider their options.

Fidelity Investments, a privately held company, had \$11.1 trillion in assets under administration, including discretionary assets of \$4.2 trillion as of September 30, 2021. It administers the assets of more than 38 million people at some 22,000 businesses and more than 13,500 wealth management firms and institutions.

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