
Fixed annuity option added to AXA's DC recordkeeping platform

By Editorial Staff Thu, Apr 13, 2017

"The fixed account is generally intended to provide a guaranteed rate of accumulation, but participants have the option to annuitize to receive a lifetime income," AXA told RIJ in an email this week.

"In-plan" annuity options, which allow retirement plan participants a chance to contribute to a deferred income annuity, are still a rarity in much of the defined contribution world, but TIAA, MetLife and Principal Financial Group have been quietly offering them for some time. (Prudential and Great-West offer lifetime withdrawal options to their DC clients as part of their target date funds.)

Now AXA is getting into the act. A fixed annuity option will be included with the new AXA Retirement 360, which AXA Retirement Plan Services describes as "an open architecture defined contribution mutual fund program designed for 401(k), 403(b), 457(b) and 401(a) plans" that enhances AXA's existing recordkeeping platform. Kevin Molloy, Head, AXA Retirement Plan Services.

Besides offering participants access to the "broad mutual fund marketplace," the enhancement provides "a non-mutual fund option for retirement certainty with the "AXA Fixed Account" through a group fixed annuity from AXA Equitable Life Insurance Company. The option offers "principal protection, liquidity and a guaranteed minimum interest rate on savings."

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"It has a minimum guaranteed interest rate of 1.00%, the current interest rate may be higher. Participant assets in the fixed account are liquid and can be transferred to other plan investment options," AXA said. "If the plan elects to terminate the fixed account, the plan may take payments over a 5-year period or pay a Market Value Adjustment, if applicable."

AXA Retirement 360 provides:

- An intuitive website and dedicated team of retirement professionals. While a dedicated on-boarding specialist manages the plan's setup and transition via an all-paperless process, plan sponsors and their advisors can track onboarding progress with

complete transparency through real-time updates so they always know the status of plans in progress.

- Fiduciary protection through Wilshire Associates, an independent professional investment advisory and consulting firm, in the selection and oversight of their plan's investment lineup.
- Education tools and resources, including a guided, jargon-free enrollment tool and live chat option.
- Simple investment selection process, with options to select funds based on their retirement date or risk tolerance, as well as the option for the AXA Fixed Account, tailored for those concerned with principal protection or those who want a degree of retirement certainty.

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