
From Down Under, A Novel Income Product

By Editor Test *Wed, Oct 21, 2009*

The Challenger Guaranteed Income Fund (GIF) aims to provide a monthly income stream and a return on capital after three, five or seven years.

Challenger Financial Services, Australia's biggest seller of annuities, has launched a "unit-ised annuity product" specifically designed for inclusion on investment platforms, the *Investor Daily* in Sydney reported.

The Challenger Guaranteed Income Fund (GIF) aims to provide investors with a monthly income stream and a return on capital at a specified maturity date. It will invest in Challenger Life annuities with different units available to be purchased with different maturity terms attached. Investment terms on offer are for three, five and seven years.

"The creation of an annuity investment option required significant product development because unlike most other platform products, annuities are flexible and bespoke policies sold to individuals. However, the high level of demand from financial advisers and their clients warranted the investment and we're very pleased with the end result," Challenger Life chief executive Richard Howes said.

The new product has already been included on the BT [Financial Group] Wrap platform and is available immediately.

"With BT Wrap being first to market with the GIF, the benefits of annuities are more accessible than ever before. The 'original' retirement product is now widely available to investors seeking access to guaranteed income streams," Howes said.

The motivation for its inclusion on BT Wrap has been adviser demand for products that address longevity risk and market risk.

"There are significant reasons advisers are seeking more options for the fixed income allocation of their client's retirement income portfolios: the wake of the GFC (global financial crisis), generally cautious investor sentiment, government tax reviews and the changing needs of the growing retiree customer group," head of BT Wrap Chris Freeman said.

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