
Honorable Mention

By Editorial Staff Thu, Dec 22, 2016

Brief or late-breaking items from Security Benefit Life, the Department of Labor, Global Atlantic Financial Group and Prudential Financial.

Security Benefit's new FIA loads income into 'go-go' years

On the premise that many retirees will spend more during the globe-trotting, grandchildren-spoiling "go-go" ages of 60-something to 70-something, Security Benefit Life has launched a fixed index annuity (FIA) with a living benefit option that over-weights income in the first 10 years of retirement.

The product, Select Benefit Annuity, has two income riders. There's an Accelerated Income Rider where income drops by half after 10 years. The product also offers an optional Legacy Preservation Rider for clients whose bequest motive is greater than their income motive, according to a press release. Both riders offer deferral bonuses.

Purchase payments can be allocated among seven available interest crediting options based on two custom indices: the S&P 500 Low Volatility Daily Risk Control 5% Total Return Index Account (1 year and 2 year options) and the UBS Market Pioneers Index Account (1 year and 2 year options).

The new product features nursing home and terminal illness waivers, as well as a free withdrawal, beginning in the first contract year, of up to 5% of the purchase payment (for the first year) or the prior year's contract anniversary account value beginning in the second year.

New ERISA safe harbor for municipally sponsored IRAs

The U.S. Department of Labor's Employee Benefits Security Administration will issue a final rule making it easier for cities to establish payroll deduction individual retirement account savings programs for workers who do not have access to workplace savings arrangements.

New York, Philadelphia and Seattle have shown interest in establishing these programs.

The new rule, which amends a similar rule related to state savings initiatives published

earlier in 2016, shows “eligible cities and other political subdivisions” how to design an local IRA program in a way that will not expose employers who participate in the program to regulation by the federal Employee Retirement Income Security Act of 1974 (ERISA).

In addition to exempting employers from ERISA, the new rule “protects workers’ rights by ensuring they have the ability to opt out of auto-enrollment arrangements.” The rule will go into effect 30 days after its publication in the Federal Register.

Under the final rule, cities with populations “at least as large as that of the least populous of the 50 states,” whose state doesn’t already have a payroll deduction IRA plan of its own, that have experience sponsoring a plan for employees, may be eligible to enact IRA programs.

Global Atlantic enhances product line with new income annuity

Global Atlantic Financial Group, which was founded at Goldman Sachs in 2004 and became independent in 2013, has launched ForeCertain, a new, single-premium income annuity issued by Forethought Life Insurance Company.

ForeCertain is available in 49 states and the District of Columbia. Forethought Life Insurance Company does not issue in New York. A fee-based version of ForeCertain will also be available, with the same flexible features and options.

The product “can serve as a single premium immediate annuity or a deferred income annuity. This product was a missing piece in our comprehensive annuity platform that also includes fixed, fixed index and variable annuities, as well as a fixed annuity with long-term care benefits,” said Paula Nelson, head of Retirement Distribution at Global Atlantic, in a release.

Prudential offers low-cost target-date funds

Prudential Investments has launched the Prudential Day One Mutual Funds, 12 target date funds that will be available through group retirement plans and financial intermediaries.

A release from Prudential Investments, the retail distribution business of PGIM, the global investment management businesses of Prudential Financial, Inc., said that Day One Mutual Funds “address the risks faced by participants in three stages of retirement planning,”

including:

- Accumulation: Higher equity exposure for younger participants to mitigate the risk of not saving enough.
- Preservation: Lower equity exposure for near-retirees to mitigate the risk of significant market losses.
- Inflation Protection: Focus on assets that mitigate the erosion of purchasing power during retirement.

The suite features 12 target date mutual funds and is available in five-year increments, ranging from 2010 to 2060, in addition to an income fund. The expense ratio is 0.40 percent (in the lowest priced share class, R6i), ranking it among the lowest in cost (top 13%) for open-ended funds within the Morningstar Target Date Funds Institutional Share Class, the release said. The funds are currently offered through collective investment trusts and separate accounts and have grown almost 40% since Dec. 31, 2014, surpassing \$1 billion in assets.

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