

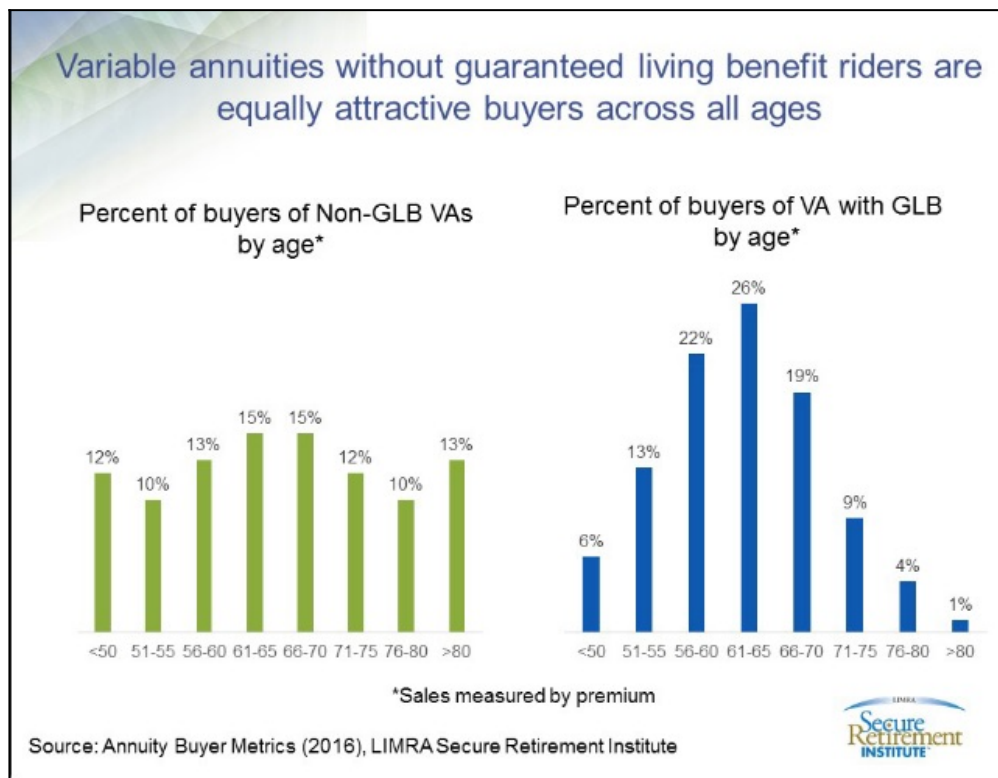
## Income benefits attract older variable annuity buyers: LIMRA

By Editorial Staff Thu, Dec 8, 2016

*People who purchased a variable annuity contract without the guaranteed living benefit are more than five years younger (57.3 years versus 62.5 years) on average than buyers who purchase a GLB rider.*

Buyers of variable annuities with guaranteed living benefit (GLB) riders and buyers of VAs without GLBs have significantly different characteristics, according to new research conducted by the LIMRA Secure Retirement Institute.

People who purchased a variable annuity contract without the guaranteed living benefit are more than five years younger (57.3 years versus 62.5 years) on average than buyers who purchase a GLB rider. Buyers of variable annuities with a guaranteed living benefit are more concentrated around the average retirement age of 62.



Specially, the LIMRA data show:

- Purchasers of VA contracts without income benefit riders range from younger than 50 to older than 80, with 10% to 15% in each of eight age groups
- Two-thirds of those who buy variable annuities with income benefit riders are concentrated between ages 56 and 70

In terms of age, the audience for variable annuities without the GLB is much more diverse. The average initial premium for VA buyers *not* electing a living benefit is also \$35,000 less.

Among indexed annuity buyers, the average ages for those who purchase the GLB versus those not electing a GLB were stable at 62.6 and 62.7, respectively. There are no substantial differences in their average premiums. Fixed-rate annuity buyers have an average age of 63.5.

The popularity of the variable annuity without a GLB stems from its tax-deferred aspect. The deferred VA is the only investment vehicle that allows savers to set aside large amounts—up to \$1 million or more—of after-tax savings for the purpose of long-term tax-deferred growth. The product is especially useful for those in high tax brackets who have already invested the maximum in other tax-deferred vehicles, such as 401(k) plans.

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