
Integrity Life enhances Indextra FIAs

By Editorial Staff *Thu, Dec 7, 2017*

Sales of the Indextra series exceeded \$1.5 billion as of November 30, 2017, according to the release. Launched Sept. 29, 2014, Indextra had strongest first-year sales in W&S Financial Group Distributors' product history, the release said.

Integrity Life has added the J.P. Morgan Strategic Balanced Index as an index option on its Indextra Series fixed indexed annuity (FIA), according to an announcement this week by W&S Financial Group, the distributor of insurance products for Western & Southern Financial Group, Integrity Life's parent.

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The new index option, which is available in one-, two- and three-year crediting period, is designed to maintain "a stable level of risk no matter the economic cycle," according to a W&S release. According to W&S product literature, the J.P. Morgan Strategic Balanced Index targets a 6% volatility by investing partly in high-dividend stocks through ownership of the Power Shares S&P 500 High Dividend Low Volatility exchange traded fund (ETF) and partly in the J.P. Morgan Total Return Index, which uses ETFs to get exposure to four classes of bonds.

With this arrangement, the amount of interest that a contract owner can earn over the crediting period has no cap (which places a ceiling on earned interest) or spread (which gives the issuer the initial earnings up to a certain point, and gives the investor the yield above that), but it does participation rate. A new participation rate is declared at the beginning of each new crediting period. The owner is guaranteed at least 10% of the index returns.

This type of FIA/index combination would appeal most to investors who like the assurance of three layers of risk protection. The diversification of the index into stocks and bonds provides one layer and J.P. Morgan's risk-management techniques provide a second layer.

A third layer is provided by the insurance carrier, who guarantees against any loss of principal (if the client holds the product to end of its seven-year surrender period). Less risk-averse investors could get sufficient risk reduction by investing directly in a balanced index fund, which could cost as little as \$19 per \$10,000 per year (19 basis points) to own.

The product also offers an optional living benefit rider for a fee of 95 basis points per year for clients under age 80. The minimum premium is \$10,000.

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