

Jackson issues its first structured annuity (RILA)

By Editorial Staff Thu, Oct 14, 2021

RILA sales hit a record \$9.8 billion in the second quarter of 2021. Jackson enters a field whose peloton includes the leader, Equitable, and fast-followers Allianz Life, Lincoln Financial, Brighthouse Financial, and Prudential.



Jackson National Life Insurance Company has entered the *structured* variable annuity market with two versions of a new registered index-linked annuity (RILA), one for securities-licensed advisers who earn sales commissions and one for those who charge asset-based fees.

The two contracts, Jackson Market Link Pro (**JMLP**) and Jackson Market Link Pro Advisory (JMLPA), represent Jackson's first RILAs. The company, which recently separated from its long-time parent company, Prudential plc, which sells more traditional variable annuities by premium value in the US than any other insurer.

Like Jackson's traditional variable annuity contracts, these contracts give advisers the flexibility they like. For instance, these RILAs offer owners a choice of a buffer (exposure only to loss beyond a certain percentage) or a floor (exposure only to loss up to a certain percentage). Some RILAs offer only a buffer.

Advisers can use Jackson's "Market Link Pro Suite Tool" to input personal client data and "generate hypothetical scenarios" showing how the contracts would work. The tool is available on Jackson's website and on the Halo Investing platform.

RILAs are structured products, like fixed indexed annuities (FIAs), whose returns are dictated by the purchase of options on an equity index. These options define a range of index returns—gains or losses—to which the policyholder will have exposure.

Unlike FIAs, RILAs do not protect the policyholder against any investment loss. Instead, they offer downside protection as defined by the floor or buffer. RILAs, like FIAs, use equity indexes whose performance includes dividend yields; options on total return indexes would be more expensive.

RILAs are the fastest growing product segment of the annuity market, with \$9.8 billion in

sales in the second quarter of 2021 by 14 providers, according to Wink. (LIMRA Secure Retirement Institute estimated first-half 2021 sales of RILAs at \$19.2 billion, up from \$9.4 billion in first-half 2020). Equitable's Structured Capital Strategies Plus was the top-selling structured annuity for all channels combined, for the second consecutive quarter.

Equitable Financial, which introduced the structured annuity in 2010, led all others with a market share of 19.3%, according to Wink, followed by Allianz Life, Lincoln National Life, Brighthouse Financial, and Prudential. RILAs have been a kind of lifesaver for publicly held life insurers who used to sell a lot of variable annuities with income benefits; the low interest rate environment has made those products—some \$2 trillion worth remain in force—capital-intensive and therefore expensive to manufacture.

The Jackson Market Link Pro product suite includes five index crediting options: S&P 500, Russell 2000, MSCI EAFE, MSCI KLD 400 Social (an Environmental, Social and Governance, or ESG, option) and MSCI Emerging Markets indexes.

Clients can allocate money in any proportion to either of two crediting methods:

- A cap crediting method offers a positive index adjustment up to a stated cap rate if the index return is positive at the end of the Index Account Option Term.
- A performance trigger crediting method provides the opportunity to receive a positive index adjustment equal to a stated trigger rate if the index return is flat or positive at the end of the Index Account Option Term. Contract owners can change selections and allocations without penalty at the end of each Index Account Option Term (1-year or 6-year terms are available).
- Protection options: Clients may select from buffer or floor protection options.
- The buffer protects investments from market loss up to a stated percentage (10% or 20%).
- The floor provides a specific maximum loss limit of 10% or 20%.
- There's a built-in death benefit with no additional fee.