
Jackson National adds income rider to indexed annuity

By Editorial Staff Thu, Sep 3, 2015

While Jackson dominated the variable annuity business in the first half of this year, with \$11.8 billion in sales and an 18.4% market share, it isn't among the 20 largest sellers of fixed annuities, according to LIMRA.

Jackson National Life, the U.S. life insurance unit of Britain's Prudential plc, has added a lifetime income benefit called LifePay to its [AscenderPlus Select](#) line of fixed indexed annuities (FIAs). The new contract replaces the current AscenderPlus Select contract and is available in all states but New York.

Jackson may be trying to balance out its big book of annuity business. While Jackson dominated the variable annuity business in the first half of this year, with \$11.8 billion in sales and an 18.4% market share, it isn't among the 20 largest sellers of fixed annuities, according to LIMRA.

FIAs have been the main driver of sales growth in the annuity industry in recent years, with steady sales increases in 2012, 2013 and 2014. Rising FIA sales have compensated for declines in VA sales, which have slowed despite strong equity markets. This year, however, total annuity sales are headed for their first YOY decline since 2011.

Now, even FIAs have lost their momentum. Sales in the second quarter of 2015 were down 4%, to \$12.5 billion, compared to the same period a year earlier. The second quarter drop pulled FIA sales for the first half of the year down by one percent, to \$24.1 billion, according to LIMRA, whose quarterly sales survey covers 62 issuers representing 97% of the market.

The LifePay rider costs 50 basis points for single life and 80 basis points for joint life contracts. It features a guaranteed 5% roll-up in the benefit base for every year a withdrawal isn't taken during the first 10 contract years, plus the potential for "step-ups" on the contract anniversaries if the account value exceeds the benefit base.

The payout rate, based on the age of the youngest annuitant, starts at 3% for those ages 45 to 54 and climbs in 50-basis point increments to 7.5% at age 85 and older. The surrender period lasts 10 years, starting at 8.5% (or nine years, starting at 8.25% in California).

In addition to the living benefit option, Jackson said it has added a new proprietary index, the Strategic4 Index, to AscenderPlus Select's index options. "Strategic4 is exclusive to the Jackson AscenderPlus Select FIA and provides contract-holders the opportunity to further

diversify their income through a U.S.-focused market index composed of 120 companies within the S&P 500 Index,” the company said in a release. “The index is designed for broad diversification across each of its four pre-determined and weighted selection criteria.”

Each year, Jackson re-stocks the Strategic4 Index with equal investments in:

- Each of the 30 companies in the S&P500 that have the strongest return-on-invested-capital and best price-to-book ratios.
- Each of the 30 that have the highest free cash flow yields.
- Each of the 30 that “generate positive cash flow and provide high total yield to shareholders.”
- The three companies with the highest dividend yields in each of the ten industry sectors of the S&P500.

The contract offers two other indexes, the S&P 500 Index and Jackson’s proprietary Multi-Strategy Index. This index represents equal investments in five categories: the 10 companies in the DJIA with the highest dividend yields, 10 select large-cap stocks, 100 select small-cap stocks, 15 global stocks and 25 value stocks. Contract-holders can allocate their premiums to any combination of indexes, in whole percentages.

© 2015 RIJ Publishing LLC. All rights reserved.