
Jackson National to block 1035 transfers to VAs with optional guarantees

By Kerry Pechter *Tue, Oct 22, 2013*

“The company is approaching the upper range for calendar year 2013 for total premium from variable annuities (VAs) that offer optional guaranteed benefits,” said a Jackson National release.

With its variable annuity market share ballooning this year thanks in part to reductions in sales by its main competitors, Jackson National Life (A+ - A.M. Best) took steps to conserve its risk budget by blocking one avenue of new business: 1035 transfers into VAs that offer optional guaranteed benefits.

Exempted from the ban are transfers into Jackson’s Elite Access accumulation-oriented VA, which is aimed at advisors who want to manage alternative assets inside a tax-deferred VA wrapper. The moratorium will end December 16, the release said.

“The company is approaching the upper range for calendar year 2013 for total premium from variable annuities (VAs) that offer optional guaranteed benefits,” said a Jackson National release. “Consistent with prior years, Jackson will manage the volume of its VA business in line with the overall growth of its balance sheet.

“To manage sales volumes, Jackson will no longer accept new 1035 exchange business or qualified transfers of assets for VAs that offer optional guaranteed benefits as of 4 p.m. Eastern Daylight Time on Friday, October 25, 2013.

“As of Monday, December 16, 2013, Jackson plans to resume accepting new 1035 exchange business and qualified transfers of assets. No limitation will be placed on new 1035 exchange business or qualified transfers of assets for Jackson’s Elite Access product or for Jackson’s fixed or fixed index annuity products.

“We are actively contacting our distribution partners to alert them that Jackson is taking action to manage our sales volumes of VA products that offer optional guaranteed benefits, as we did last year,” said Clifford Jack, executive vice president and head of retail for Jackson.

“Our goal is to manage production over the next few weeks with as little disruption as possible to our partners and their clients. And, with no limitation on sales of Elite Access, advisors and their clients will still be able to choose a Jackson variable annuity investment

platform that offers a variety of traditional and alternative investment options.”

Jackson was the healthiest U.S. annuity issuer in terms of net cash flow in the first half of 2013, according to the Analytic Reporting for Annuities, a service of Insurance & Retirement Services of the National Securities Clearing Corp., a subsidiary of DTCC.

The unit of Britain’s Prudential plc was ranked first in inflows and first in net flows, with \$8.4 billion (18.9% market share) and \$6.1 billion, respectively. Three Jackson variable annuity products—Perspective II 05/05, Perspective II L-Series and Elite Access—were all among the five best-selling annuity products.

As of October 21, 2013, Jackson has maintained high rating from all four primary rating agencies — A+ from A.M. Best, AA from Standard & Poor’s, AA from Fitch Ratings and A1 from Moody’s Investors Service, Inc. — for more than 10 years, the release said.

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