

## Kindur to Sell American Equity Fixed Annuity with Living Benefits

By Kerry Pechter      Thu, Apr 4, 2019

*The fintech startup has chosen to offer ETF portfolios and an American Equity fixed annuity with a living benefit as sources of retirement income for its prospective online customers.*



Last December, *RIJ* [wrote](#) about [Kindur](#), a direct-to-consumer Internet platform designed to help people create ETF portfolios for savings and monthly income and, if they wish, to sell them an income-generating annuity.

At that time, Kindur' founder Rhian Horgan, a former J.P. Morgan managing director, withheld details about Kindur's pricing and about the identity of its life insurance partner. Yesterday the news broke.

Kindur's annuity offering is a no-commission American Equity Investment Life fixed annuity with a living benefit rider that lets them switch on income when they need it. (It also has a 10-year surrender period with a first-year penalty of 9.2%, which seems unusual for a no-commission annuity.)

In an email, Horgan said, "We built a custom annuity understanding the pricing of each component of the annuity. Surrender charges are typically included in annuities to help carrier hedge the interest rate risk on their books and also facilitate the payment of commissions to brokers.

"Even though we have no commission the cost of not having a surrender charge (evidenced through a lower payout) was much higher than the expected value, given that we see this as a lifetime holding for our customers. Customers can still withdraw up to 10% p.a penalty free as well as having access to additional funds for unexpected health events like a terminal illness."

Before income begins, Kindur charges \$250 a year. When income starts, there's a fee for ongoing advice about optimizing the product. Here's what the Kindur website says:

"We don't take upfront commissions like traditional insurance agents so you have more money growing towards your retirement income. Our fees cover the advice we provide as

your investment advisor while your policy grows and we don't collect our management fee until you are enjoying the benefits of guaranteed income. We take a modest fee of \$250 a year for providing advice regarding your annuity within the context of your overall portfolio, including recommendations on timing for electing income and assistance with any policy related service requests you may have. Once you elect to receive income under your Lifetime Income Benefit Rider, we take our advisory fee of .5% as a percentage of the account value. That's \$500 a year for a \$100,000 account value. Our fee goes down over time as your income is paid out."

Alternately, or in combination with the annuity income, Kindur can also provide monthly income from the client's ETF investments:

"If you choose the Kindur Retirement Paycheck option, every month Kindur will deposit into your bank account a predetermined amount based on the spending needs you set. Depending on how you choose to fund your Retirement Paycheck, these deposits could include a combination of annuity income as well as withdrawals from your ETF investment portfolios. Your Retirement Roadmap can help you understand if an annuity may be right for you."

Kindur will charge 50 basis points a year for managing the client's ETF portfolio, plus six basis points a year for the ETF itself.

Kindur most recently announced a \$10 million Series A round, with investments from Anthemis, Point72 Ventures, Clocktower, Inspired Capital Partners, and angel investors Jake Gibson, co-founder of NerdWallet, and James Walker, former Global Head of Investments at JP Morgan Wealth Management.

Not all of the details about Kindur's offer or strategy were available before today's deadline. We'll be reporting from time to time on the progress of Kindur's experiment in web-based annuity sales and retirement income planning.

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