
Lincoln adds new death benefit to VA as tax buffer

By Editorial Staff Thu, Apr 7, 2016

The "Earnings Optimizer" will cost 40 basis points per year for contracts owners or annuitant under age 70. The cost will be 70 basis points per year for those ages 70 to 75.

A new death benefit rider that “pays beneficiaries an enhancement to their contract value to help counter the effect of taxes” will be offered with the Lincoln Investor Advantage investment-only variable annuity, Lincoln Financial Group announced this week.

The new feature will be called the Earnings Optimizer Death Benefit Rider. It will also be available with Lincoln’s optional i4Life Advantage income rider.

According to the Lincoln release, “the Earnings Optimizer reduces the beneficiary’s tax burden by delivering a payout that’s the greater of the total premium paid, reduced for withdrawals, or the current contract value plus 40% of earnings, subject to an earnings limit of 200% of the total premium reduced for withdrawals.”

The Earnings Optimizer will cost 40 basis points per year for contracts owners or annuitant under age 70 and 70 basis points per year for those ages 70 to 75. The maximum annual mortality and expense risk fee for the Investor Advantage variable annuity is 1.25%.

The new death benefit ensures “that beneficiaries are protected with a death benefit and have a strategy to offset potential estate taxes,” said John Kennedy, Head of Retirement Solutions Distribution at Lincoln, in a release.

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