
Managed-vol funds added to JeffNat's Monument Advisor VA

By Kerry Pechter *Fri, Dec 6, 2013*

The new managed-vol funds include three from American Funds that use the Milliman risk management technique, along with the Federated Managed Tail Risk Fund II and the Goldman Sachs Variable Insurance Trust Global Markets Navigator Fund.

Jefferson National said it has added 23 new investment options, including managed-volatility funds, to its Monument Advisor variable annuity, which is targeted to registered investment advisors and other fee-based advisors who want to trade alternative investments on a tax-deferred basis and have no interest in living benefit riders.

Sales of Monument Advisor have exceeded \$1 billion over the past 20 months, Jefferson National said in a release.

The latest additions to Monument Advisor's 400-option fund roster include 14 investment options from American Funds. Among them are five funds that incorporate Milliman's short-futures volatility management technique. The technique moves the hedging strategy from the insurer's balance sheet into the fund itself, financing it with part of the shareholder's own assets.

Additional options with embedded risk management include Federated Managed Tail Risk Fund II, and Goldman Sachs Variable Insurance Trust Global Markets Navigator Fund, a managed volatility fund. Jefferson National also added six asset allocation funds from SEI, one of the first companies to offer "Manager-of-Managers" investment programs. The last of the new funds is the Gold Bullion Strategy Portfolio from Advisors Preferred Trust.

Jefferson National cited Cerulli research showing that in five years the use of alternative strategy funds could increase more than 245%. The high turnover of such funds generates a lot of short-term capital gains tax, thereby making it advantageous to hold them within a tax-deferred variable annuity wrapper within minimal insurance costs.

The fear that a fiscally-challenged, revenue-hungry U.S. government might try to raise capital gains tax in the future is also believed to be driving sales of investment-only VAs like Monument Advisor and Jackson National's Elite Advisor.

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