

Meet the Dare-Devils Who Own Annuities

By Kerry Pechter Thu, Oct 11, 2018

In an elaborate media event to launch the Alliance for Lifetime Income, a jet-car driver, a shark wrangler, and four C-level life insurance company executives gathered in and around Times Square Oct. 4. The Alliance is promoting guaranteed income products.



Even at 51, Elaine Larsen—sunflower-blond, Southern-folksy, and right at home in a split-hem pencil skirt—is always the fastest, hottest woman in any of the racing-circuit towns that she and Chris, her husband and chief mechanic, decide to visit.

That's because she drives a jet-powered slingshot dragster for Larsen MotorSports, a car that reaches record-setting speeds of 250 mph or more and internal temperatures of thousands of degrees while torching quarter-mile tracks in less than five seconds.

It's a dangerous profession, and Larsen knows the cost of mortality risk. Her life insurance policy is suspended when she races; a 2011 crash left a titanium plate under her mane of yellow hair. But when she reached AARP age, the former Mennonite farm girl became aware of what the life insurance industry calls longevity risk. So she recently diverted 10% of her savings into a variable annuity with a lifetime income guarantee and a deferral bonus.



Elaine Larsen. Photo by
Daryl LaBello

Larsen delivered a testimonial for annuities last week in a conference room at the W Hotel on Times Square in mid-town Manhattan. She was a star performer in a half-day publicity effort by the Alliance For Lifetime on what it styled “Protect Your Retirement Income Day.” The Alliance is the four-month-old 501(c)6 organization formed by two dozen life insurers, asset managers and related firms to reverse the troublesome trend in variable annuity sales and stimulate awareness of annuities in general.

The Alliance has enlisted several other professional daredevils—a Californian who dives with sharks, a volcanologist, a lady smokejumper, and an MD who makes house calls at coastal villages in Panama—who own annuities to embody its “Retire Your Risks” slogan. The message: Smart, brave people are less afraid of dying too soon than of living too long.

This approach also levers the ad meme used by brands like TAG Heuer and Dewar’s: Glamour by association. Detroit-based ad agency Campbell Ewald, which has worked for Travelocity, Cadillac and Kaiser Permanente, created the theme. The New York public relations firm Peppercomm manages the multi-channel campaign. For its executive director, the Alliance picked Jean Statler from Statler Nagle, a Washington, DC-based communications firm.

“If you look at the annuities market, since 2013 you see a decline or a flattening out at a time when more people are entering retirement,” Statler told *RIJ*. “The 24 companies in the Alliance are committed to a two-year campaign. We’re trying to make a big impact in a small period of time. We have an index of protected income that will come out this year and next. We’ll have ROI measures. Those will allow the companies to decide whether to continue or not. But at this point we’re already 10 months into it. We just had a board meeting. Nineteen of the 24 companies were there. Nobody thinks it’s time to take the foot off the accelerator.”

Until now, the annuity industry has lacked a collective association for educating consumers about its products and its value proposition. Individual companies have invested heavily in consumer advertising, such as Prudential’s mid-decade “Bring Us Your Challenges” and “Race for Retirement” campaigns with Harvard happiness guru Dan Gilbert. The Insured Retirement Institute (IRI, which replaced the National Association for Variable Annuities a decade ago) promotes annuities, but mainly as a lobbying organization.

The Alliance focuses “more on direct messages to consumers and, also to advisors, and they are not an advocacy organization like IRI,” IRI spokesman Dan Zielinski told *RIJ*. “We invited the Alliance to participate at our recent annual meeting to give an overview of their activities to date, which was well-received among our members. IRI also shared a substantial amount of research material to the Alliance to help them get started and to shape their own projects.”

The Alliance for Lifetime Income members includes Goldman Sachs, JP Morgan and Franklin Templeton, along with most of the largest life insurers. Milliman, which builds risk management components that go inside annuities, also belongs. MassMutual is there, but three other big “mutuals” are not.

Those firms—New York Life, Northwestern Mutual and Guardian—are in a somewhat different league. They are mutually-held by their customers, specialize in relatively simple, bond-based annuities, and employ captive sales forces. Their annual income annuity sales are relatively tiny. The Alliance’s members are mainly publicly-held companies that issue complex annuities involving equities, bonds, and/or derivatives. They use broker-dealers and insurance wholesalers for distribution. It’s two different worlds, to some extent. Nonetheless, the absence of three leaders in income products from an organization representing “lifetime income” is noteworthy. Statler said she will be meeting with those companies.



Larsen’s jet-car on the track.

The Alliance’s program encompassed several events over a five-hour period. It began with an early morning press conference where C-level life insurance executives from big variable annuity issuers fielded questions from *Wall Street Journal*, Bloomberg, and *Investment*

News reporters.

It's rare to see denizens of the annuity stratosphere descend to earth, but four of them appeared together on a single panel at a single media event: Jana Greer of AIG, Dennis Glass of Lincoln Financial, Barry Stowe of Jackson National and Stephen Pelletier of Prudential Financial. (Their combined annuity sales in the first half of 2018 were \$27.12 billion or about one-third of all annuities sold in the US during that period. They accounted for \$20.16 billion in variable annuity sales, or about 40% of total VA sales.)

Michael Finke, dean and chief academic officer of The American College, economist Ben Harris, a former Joe Biden aide, and attorney Seth Harris, a former official in the Clinton Labor Department, flanked the panel and offered comments. They, along with insurance company analyst Colin Devine, are formal advisors to the Alliance.

At the press conference, the Alliance showcased its Protected Income Index, which uses survey data to track the percentage of Americans ages 25 to 74 with guaranteed sources of retirement income besides Social Security. (People with such resources skew older and higher-income.) The Alliance also announced its RISE (Retirement Income Security Evaluation) Score calculator, which anyone can use to generate a retirement readiness score from 0 to 850, the same scale used to express credit scores. Scores are based on a consumer's savings levels, demographic characteristics, and sources of retirement income. People can raise their scores by adding annuities to their portfolios. The calculator is expected to be available by the end of this year.

From the press conference, interested parties drifted over to the blue Alliance for Lifetime Income trailer parked outside the Old Navy store on Broadway Plaza between 44th and 45th Sts., competing with Time Square's immense digital billboards and, on every street corner, with double-decker bus-tour pamphleteers, for the attention of selfie-taking tourists and preoccupied locals who tried to navigate the swirling crowds.

The [trailer \(click for brief video\)](#) labeled with the words "Protect Your Income. Retire Your Risks," contained three video booths. Three visitors at a time could enter the trailer, don VR goggles and see what it looks like to ride a jet car, touch noses with sharks or venture close to the vents of an active volcano.

"The idea is to drive home the theme of "Retire Your Risk" from the Alliance ad campaign - i.e., you take risks in your work or day-to-day life or profession but should not risk your retirement," Matt Conroy, Peppercomm's director of media strategy, told *RIJ*.

The Alliance must have invested aggressively to get original VR footage for this attraction, but traffic through the trailer seemed tepid. (Times Square might be the worst place on the planet to try to get attention, given all the competition for eyeballs.) The Alliance has since sent the trailer on a national tour. It was parked at Philadelphia's Barnes Foundation Impressionist art museum yesterday. It will be towed to Newark, NJ (home of Prudential), to Nashville (where Jackson National relocated from Denver), and then to TIAA Bank Field in Jacksonville, FL.



Seth Harris (l) and Michael Finke outside the Alliance trailer in New York.

Wait, there's more. From Times Square, Alliance advisors and guests from overlapping or sympathetic organizations (the American Council of Life Insurers, [WISER](#), the National Association of Insurance and Financial Advisors, the Defined Contribution Institutional Investors Association) returned to the W Hotel for a buffet lunch at the hotel's Blue Fin restaurant.

After lunch, in the restaurant's meeting room, NBC financial reporter and "HerMoney" podcaster Jean Chatzky pitched friendly questions about the ironic pairing of high-risk lifestyles and low-risk retirement products to three panelists: Larsen, Ben Harris, and James Moskito, the CEO of Ocean Safaris, a San Francisco Bay area adventure diving company. Moskito, like Larsen, is one of the Alliance's annuity testimonial givers.

Chatzky, whose speaking fees start at \$25,000, confessed that she drives a Volvo station wagon. She asked Larsen, who drives a Corvette when not piloting a jet-powered dragster, about "the role of risk in her life."

"I still live my life at full-throttle, a quarter mile at a time," said Larsen. But after a crash broke her skull, kneecap, ankle and molars, she began to think about the long-run. "I said, 'If I use a parachute when I race, why didn't I have a backup plan for my life? My fire suit only keeps me safe for five seconds.'"

"My financial advisor talked to me about how I wanted to live in retirement. He said, 'You want to live fast and fiery even when you're no longer racing, right?' Then he said, 'Let's put a little piece of your money aside and put it in annuity. You can take a little more risk with your other money, but let's get you safe first.'"

"I'm 51," Larsen said. "The annuity has allowed me to look at the next stage of my life with a new attitude. It's allowed me to relax. I'm not looking at the downside of things. I'm looking at what I can do next. When you're running a business it's hard to look up from what you're doing and prepare for the distant future. Now I'm doing the grown-up thing. There's no finish line for me."