MetLife launches retail QLAC

By Editorial Staff *Thu, Jul 23, 2015*

Like several other insurers, MetLife is positioning its qualified longevity annuity contract in part as a way for IRA owners to exclude 25% of their tax-deferred savings (up to $125,000) from the calculation of their RMDs until as late as age 85,

MetLife's Guaranteed Income Builder deferred income annuity (DIA) is now available as a qualifying longevity annuity contract (QLAC) for individual clients, the publicly-held insurance giant announced this week.

In late May, MetLife introduced a similar annuity, called Retirement Income Insurance, for the retirement plan market. The institutional product offers unisex pricing, while the retail product offers higher payouts for men than women because of women's higher average life expectancy, all else being equal.

In an interview with *RIJ*, Elizabeth Forget, executive vice president of MetLife Retail Retirement & Wealth Solutions, said that the product would be distributed through MetLife's affiliated Premier Client Group affiliated advisors as well as its "traditional third-party distributors," such as broker-dealers.

The product isn't planned to be distributed by insurance agents via state-regulated insurance marketing organizations, in part because, unlike the broker-dealers, they don't necessarily assume responsibility for assuring the suitability of each sale, she told *RIJ*.

Asked if she thought that the Department of Labor's fiduciary proposal, if enacted in its current form, might favor the sale of fixed annuities, Forget said, "The proposal differentiates between fixed and variable annuities, but it's hard to translate what the proposed rule will mean in certain instances." Under the current proposal, sellers of variable annuities would have to meet a new, more stringent standard of conduct by signing a "Best Interest Contract" (BIC) with the client.

QLACs help protect against the risk of outliving one's savings. But, like several other insurers that market QLACs, MetLife is positioning its QLAC as a tax-reduction tactic. By purchasing a QLAC, IRA owners can exclude up to 25% of their tax-deferred savings (but no more than $125,000) from the calculation of their required minimum distributions until age 85, thus potentially lowering their annual tax bill by 25% for up to 14 years. Taxable annual distributions from the rest of their tax-deferred savings must begin in the year after the year the owners reach age 70½.

“By allowing clients to defer payments from their IRAs, Guaranteed Income Builder as a QLAC gives them a significant level of flexibility to manage both their assets and tax obligations—further enhancing their ability to retire with confidence,” Forget said in a release.