
Morningstar VA bulletin looks back at 2010, ahead to 2011

By Editor Test *Wed, Jan 26, 2011*

"More generous benefits" anticipated in 2011, according to Morningstar vice president Kevin Loffredi.

The Annuity Solutions division of Morningstar has published a report summarizing the variable annuity industry highlights of 2010 and predicting that "the pendulum [will] swing back toward more generous benefits during 2011" after the de-risking trend of 2009 and early 2010.

The report, "[Continued Innovation Helps Fuel VA Sales in 2010](#)," also noted new filings of products not yet available:

- Allianz filed a Lifetime GMWB with a guaranteed withdrawal percentage based not on age, but on the rate of a 10-year treasury note. This ties payouts directly to market performance, removing the age factor. The benefit has not been rolled out yet.
- Lincoln National filed a new long-term care benefit that pays a monthly amount for long-term care expenses and costs 1.26% to 1.57%, depending on options chosen (fee calculation is complicated). This benefit pays for long-term care expenses up to three times the initial purchase amount (which must range from \$50,000 to \$400,000). Payments are offered monthly beginning after the first anniversary and are not taxable. The optional Growth feature gives the ability to increase the monthly maximum benefit amount using a calculation based on the investment growth and the remaining benefit base. The Growth option has a step-up feature through age 76. The benefit is capped at \$800,000, covers a single life, and applies only to non-qualified assets.