

New MassMutual VA features RetirePay, an income rider

By Editorial Staff Wed, Mar 16, 2022

Best known as a fixed annuity specialist, MassMutual had just \$11.7 billion in VA assets under management as of Sept. 30, 2021, according to Morningstar. Overall, MassMutual was ranked 20th in VA AUM on that date, with a market share of less than one percent.



MassMutual has launched a new variable annuity (VA) contract with an optional guaranteed lifetime withdrawal benefit. The contract is called [Envision](#). The income benefit, exclusive to the Envision contract, is called RetirePay.

“RetirePay offers guaranteed income in the form of the Annual Lifetime Benefit Amount that will never lose value due to negative market performance and that offers opportunities for higher income through step-ups and higher withdrawal rates by age and years of deferral, according to a MassMutual release.

MassMutual had \$11.7 billion in variable annuity assets under management as of September 30, 2021, according to Morningstar. It was ranked 20th in VA AUM, with a market share of less than six-tenths of one percent. By comparison, TIAA had group VA assets of \$547 billion and Jackson National had individual VA assets of about \$246.9 billion at the end of the third quarter of 2021. Industry-wide, the market value of VA assets under management exceeds \$2 trillion.

Envision is aimed at individuals “nearing or in retirement including when they are approaching key retirement and milestone ages of 62, 67 and 72,” the release said. Under the RetirePay option, 62-year-olds who bought this product and delayed income until age 72 would be able to withdraw 7.35% (6.45% for married couples) of their benefit base (premium plus growth) per year. There are two versions of the option.

The premium version, for an annual fee of 1.60% of the benefit base, would step up the benefit base every quarter to capture new high-water marks (if any) in the values of the separate accounts that the client has invested in. For 1.45% of the benefit base per year, there’s a step-up on each account anniversary. The insurer can adjust the rider fee up to 2.50% per year. The cost of the step-up benefit is the same for one or two persons.

There are investment restrictions for the RetirePay GLWB. The contract's mortality and expense risk charge (typically used to cover distribution costs) is 1.15%. There's an administration charge of 0.15%. The surrender fee is 7% for the first three years, gradually dropping to zero in the eighth year. Fund expenses range from 52 basis points to 165 basis points per year. If the account value ever drops to zero while the annuitant(s) are living, the issuer may adjust the withdrawal rates. According to the current [rate sheet](#), withdrawal rates do not change when the account value drops to zero.

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