
New MetLife GMIB Offers 6%

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MetLife has introduced a new variable annuity rider, GMIB Max, with a higher roll-up and payout rate than its existing GMIB. The richer benefit is made possible by tying it to a suite of risk-controlled investment options, according to Elizabeth Forget, a MetLife senior vice president. The death benefit has also been improved.

Prior to annuitization, contract owners of a VA with the GMIB Max rider can get a 6% compounded annual increase in the benefit base or withdraw up to 6% of the benefit base each year without affecting the benefit base. The roll-up and the payout on MetLife's existing GMIB remain 5%.

MetLife feels comfortable enriching these features because contract owners must choose from among four "Protected growth" investment options designed to control risk in various ways. The options include:

- AllianceBernstein Global Dynamic Allocation Portfolio.
- AQR Global Risk Balanced Portfolio.
- BlackRock Global Tactical Strategies Portfolio.
- MetLife Balanced Plus Portfolio, with an overlay sleeve sub-advised by PIMCO.

Contract owners can also invest in the Pyramis Government Income Portfolio.

"The GMIB is our core living benefit," Forget said. "About two-thirds of our contract owners elect it. We think the GMIB has a better value proposition [than the guaranteed lifetime withdrawal benefit, or GLWB]. We can offer the higher roll-up because each portfolio has forecasting methods or risk models that look at volatility and make adjustments to stay within a particular risk range. With the BlackRock fund, for instance, their model tells them to shift to cash when volatility is increasing."

In 2010, MetLife sold about \$18.3 billion worth of variable annuities, of which about two-thirds have the GMIB option. It allows contract owners to take income during retirement while maintaining the option to convert a protected floor value—the guaranteed benefit base—to an income annuity.

GMIB Max is available for 1.00% of the benefit base as an annual charge deducted from the account value. Upon an optional step-up of the benefit base, the charge may increase up to a maximum of 1.50%, MetLife said in a release.

"EDB [Enhanced Death Benefit] Max complements GMIB Max since the benefit base is determined in the same manner under both riders. EDB Max is available for 0.60% of the benefit base for issue ages 69 or younger or 1.15% of the benefit base for issue ages 70-75 as an annual charge from the account value. Upon an optional step-up of the death benefit base, the charge may increase up to a maximum of 1.50%," the release said.

