
New York Life urges devoting annual IRA contributions to its DIA

By Editor Test Thu, Apr 18, 2013

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New York Life has lowered the minimum initial premium payment for its Guaranteed Future Income Annuity (GFIA) to \$5,000 from \$10,000, noting that the change will help people use annual IRA contributions to fund a deferred income annuity.

Earlier this year, New York Life announced that the GFIA had exceeded \$1 billion in premiums since its July 2011 introduction.

“We believe this new lower initial premium payment will open up this proven way to fund retirement to Gen Xers and Gen Yers who may already be making regular IRA contributions,” said Matt Grove, senior managing director, New York Life. “Funding GFIA through an IRA contribution combines the tax benefits of an IRA with the pension-like guaranteed lifetime income of an income annuity.”

The product modification makes it easier for younger people to build their own defined benefit pension, New York Life said. In 2010 only 9.6% percent of family heads under age 45 working in the private sector had a DB plan.

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In 2013, the maximum dollar amount that can be put into an IRA each year increased to \$5,500 from \$5,000 in 2012.

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