
Pacific Life's new 5-year VA/GMAB rider sets -10% floor

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'Unlike a structured variable annuity, there's no cap on investment returns, so contract owners' earning potential is unlimited,' said Pacific Life senior vice president Brian Woolfolk.

Pacific Life Insurance Company has introduced a new optional guaranteed minimum accumulation benefit (GMAB) on certain of its variable annuities that "can provide guaranteed lifetime income and unlimited growth potential," the company said in a release.

The rider is called Protected Investment Benefit. The rider is available for the Pacific Choice and Pacific Odyssey variable annuities.

- If the client purchases the 5-year term, the charge is 0.85% (of first year purchase payments, less pro-rata reduction for withdrawals), each year for the entire 5 years.
- If the client purchases the 10-year term, the charge is 0.95% each year for the entire 10 years. Otherwise, conditions are the same as the 5-year term.
- Pacific Choice is a commissionable variable annuity with a 5-year withdrawal charge schedule and has an M&E of 0.95% and an admin fee of 0.25%. It offers two enhanced optional death benefits: one for 0.20% annually and one for 0.25% annually.
- Pacific Odyssey is a fee-based variable annuity with no withdrawal charges (completely liquid) and has an M&E of 0.15% and an admin fee of 0.15%. It offers one enhanced optional death benefit for 0.20% annually.

By the end of the [five-year option](#), policyholders can be assured of having at least 90% of their first-year premiums. By the end of the [10-year option](#), they can be assured of having at least 105% of their first-year premiums. At the end of five or 10 years, as the case may be, the rider and its fee automatically expires. Pacific Life offers additional GMAB riders that protect 100% of premium but has more limited investment options.

Clients who choose either option can choose from a variety of asset allocation options with up to 80% equity exposure. According to the product fact sheet, the investments aren't subject to volatility controls or asset-transfer programs (which might include automatic rebalancing toward bonds during equity downturns). This GMAB can be combined with other living benefits to generate lifetime income. The contract can also be converted to a life annuity.

Unlike a structured variable annuity, there's no cap on investment returns, so their earning potential is unlimited," said Brian Woolfolk, FSA, MAAA, senior vice president of sales and chief marketing officer for Pacific Life's Retirement Solutions Division.

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