

Prudential Joins the SIMON Platform

By Kerry Pechter Thu, Dec 5, 2019

Prudential's PruSecure fixed indexed annuity is the first annuity product to be offered on the SIMON structured products platform, which had previously specialized in structured notes. Prudential also invested in SIMON, joining Barclays, Credit Suisse, Goldman Sachs, HSBC, J.P. Morgan and Wells Fargo.



Prudential is a late-comer to the fixed indexed annuity (FIA) party that's been in progress for the past several years, but—perhaps for that reason—the carrier's PruSecure FIA recently became the first FIA contract offered on the SIMON structured products platform.

Prudential is also an investor in SIMON, a virtual wholesaling platform for structured notes and index-linked annuities. The other investors include (since December 2018) leading structured notes manufacturers like Goldman Sachs, Barclays, Credit Suisse NEXT, HSBC, J.P. Morgan and Wells Fargo.

SIMON's owners hope that wealth managers and investment advisers at participating broker-dealers (Raymond James is already on board) can use its platform to learn about, compare, back-test, select, and manage their purchases of index-linked products. The product manufacturers, who also sit on SIMON's board, pay SIMON a fee based on sales flow.



Kathy Leckey

RIJ spoke recently with Kathy Leckey, vice president and head of Strategic Distribution, Individual Solutions Group, at Prudential Financial, about the timing of Prudential's decision to join SIMON. [See the feature [story](#) on SIMON in today's issue of *RIJ*.]

Just when SIMON came along, her company was in the process of reducing its reliance on its long-time cash cow, variable deferred annuities.

"We had 95% of our assets in variable annuities a few years ago, and we were happy to be focused on that business. But we want to diversify our mix. Our peers are doing the same thing. SIMON approached us to see if we had an interest. We had a lot of interest.

"We got into the FIA business before we started working with SIMON, but it became one more reason for us to diversify our product mix," she said. "SIMON will help us distribute our fixed indexed annuity, and maybe eventually a structured annuity."

"Our challenge is, 'How do we make this complex product simpler? How do we get new producers [advisers] who wouldn't have sold an annuity in the past?' We decided that we needed to use technology to help tell the FIA story in a different way."

SIMON appears to be one answer. "The people at SIMON found a way to make complex products simpler for advisers who haven't sold indexed annuities before or for retail clients who are unfamiliar with them," Leckey said. "They've created a platform that lets advisers customize their investment and gives them best-in-class education and training."

Life insurers are still struggling to tell the annuity story to investment advisers, and they're turning to digital platforms. "I call these platforms, 'technology distribution,'" she said. "Others call it 'non-traditional channels.' Advisers don't necessarily have time to read brochures. And you're not sending paper anymore.

"We're trying to get annuities to resonate with more advisers. Especially with the SEC Best Interest rule coming down, advisers need to have more holistic conversations about retirement income. But how do we tell our story in a more cohesive way? How do we explain not only the product but also the process. The process itself has to be better if it's going to help sell our product."

Of the capabilities on the SIMON platform, Leckey singled out its post-sale services for praise. As one feature available for structured notes and being built out for annuities, SIMON reminds advisers to revisit an in-force contract to determine if owning it is still in the client's best interest.

“The client might be holding the product for up to seven or eight years,” she said. “He or she may not even remember why they bought it. There may be no tangible results to show them yet, but there still needs to be a conversation along the way. You want to have a more transparent process.”

In a sense, SIMON serves as a wholesaler that’s always present but never intrusive. “If the financial adviser has SIMON, he or she can turn on SIMON. The adviser may already be using SIMON on the structured notes side of the house. It’s different from a wholesaler coming and giving the adviser a pitch. Then, when a wholesaler and an adviser do meet, they won’t be coming cold to their meeting. They can have a *different kind* of conversation.”

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