
Security Benefit issues first post-crisis annuity

By Editor Test *Wed, Mar 9, 2011*

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Security Benefit Life Insurance Company, in a co-venture with Advisors Excel and Innovation Design Group, has launched Secure Income Annuity, a new FIA.

The move signals the Topeka-based insurer's return to retail annuity market place, said Doug Wolff, president of Retail Retirement at Security Benefit. The company and its ratings were hurt by exposure of half its capital to subprime mortgage-backed securities in 2008. Guggenheim Partners purchased and recapitalized the insurer with \$400 million in early 2010.

The new FIA contract offers two typical crediting strategies. The first, a fixed account, pays a guaranteed amount of interest each year. The second type is two strategies, linked to the growth of the S&P 500 Index (excluding dividends), that credit interest to the contract based on increases in the index, up to a cap.

The contract's maximum purchase age is 80. It can be purchased through a traditional, Roth, or rollover IRA, or with after-tax dollars. The minimum purchase premium is \$25,000.

Additional purchase payments made in the first year are credited to the account value. There is an additional 8% bonus (it may be lower in some states) upon purchase of the base product and 10% when the guaranteed lifetime withdrawal benefit rider (GLWB) is selected. There is a surrender period.

The optional GLWB provides a compounded roll-up in the benefit base of 8.2% for each year the client defers taking income, for 10 years or until age 85, whichever comes first. (On the 10th and 20th Contract Anniversaries, for a total of 30 years, the 8.2% Roll-up may be renewed.) For each year the policyholder defers income, his/her lifetime withdrawal percentage payout rate increases by 0.10%. As in similar riders, excess withdrawals can reduce future income.

The rider also offers a Home Healthcare Doubler that, after a two-year waiting period, doubles the payout rate for a maximum of five years if the contract owner is disabled. A physician must certify that the policyholder cannot perform at least two of six basic activities of daily living.

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