
TD Ameritrade offers two Pacific Life annuities for RIAs

By Editorial Staff *Thu, Jan 9, 2020*

It keeps getting easier for registered investment advisers (RIAs) to buy no-commission annuities through online platforms. But will RIAs recommend annuities to clients? The jury is still out.

Will registered investment advisers (RIAs) start recommending annuities to their older clients, now that they can easily access no-commission annuities through online platforms?

The question arises whenever another RIA platform adds another no-commission annuity to its product shelf. Case in point: Pacific Life and TD Ameritrade just announced that two fee-based Pacific Life annuities are available for purchase through TD Ameritrade Institutional, which about 7,000 RIAs currently use as an asset custodian. Those contracts are:

- Pacific Odyssey, a no-commission variable annuity (VA) with a lifetime retirement income rider and a guaranteed death benefit. A VA is typically a portfolio of stock and bond mutual funds with insurance and sometimes volatility-control features.
- Pacific Index Advisory, a no-commission fixed indexed annuity (FIA). FIAs are structured products whose returns are linked to the performance of options on an equity or hybrid index. Owners of FIAs are guaranteed not to suffer market losses.

Some RIAs, especially those who were or still are registered with broker-dealers, might already be familiar with annuities, and may sell a few each year. But there's a large cohort of RIAs who aren't registered with a brokerage, aren't licensed to sell insurance products, and have never sold an annuity.

The Pacific Life annuities, along with annuities from other carriers, will be available through The Insurance Agency of TD Ameritrade, LLC. Clients of RIAs will be able to buy them through TD Ameritrade's insurance agents. RIAs are expected to apply their asset-based fee to the account value of the annuity contract.

In the press release, Pacific Life said that the rates and caps for Pacific Index Advisory will not change throughout the entire length of the initial guaranteed period. That should reassure advisers who worry that FIA issuers often reserve the right to change crediting rates from year to year, in response to changing market conditions.

Doug Mantelli, vice president of RIA strategy for Pacific Life's Retirement Solutions Division, and Matt Sadowsky, director of Retirement and Annuities at TD Ameritrade, announced the deal in a January 7, 2020, press release.

TD Ameritrade Institutional offered no-commission annuities to RIAs as far back as 2012, but 2019 saw a surge in the distribution of no-commission annuities to fee-based advisors through online platforms such as Envestnet, DPL Financial Partners, Orion, RetireOne and others. Charles Schwab acquired TD Ameritrade in November 2019.

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