



Addressing Client Concerns about VAs

In the wake of the economic crisis, guaranteed income products are becoming increasingly important tools for providing retirement security for clients, with 75% of financial advisors using guaranteed lifetime annuities for at least some clients, according to a December 2009 Harris Interactive Retirement Income Advisor Study. It is critical to be well prepared to address clients' questions and concerns about variable annuity products.

Be aware that some clients may come to the discussion with worries or negative perceptions of variable annuities, due to media reports of a few recent incidents under investigation by law enforcement authorities. To counter the unfortunate effects of a few bad apples in the industry, financial advisors should be prepared to reassure clients that variable annuities are heavily regulated products. From the SEC and FINRA at the federal level, to the in-

surance commissioners of all 50 states, as well as the many compliance officers at each insurance company, there are many layers of consumer protection in place to prevent abuses from occurring.



Make sure you know exactly what benefits a contract offers and how they are calculated.

Financial planners can help put clients at ease at the start of the discussion by letting them know about some of the strong protective features that are—by law—built into variable annuity contractual provisions, such as free look and the entire contract provision.

Free Look

These long-standing laws were developed by state insurance departments to make sure that customers understand exactly what they have purchased in a complex annuity contract. Depending on the state and the type of product, this free look period ranges from 10 to 30 days during which customers can look over the contract at their leisure. If they change their minds, most states allow for the return of the contract value.

Entire Contract Provision

This protects the consumer from having to worry that there are undisclosed fees or stipulations in their contract that are hidden in another document. It ensures that the entire terms of the contract are spelled out in the policy contract.

And new protections are currently under development. For example, the Insured

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The Health and Wealth Puzzle for Retirees

Advisors are well aware that health and wealth are intricately linked. Health status and healthcare expenditures largely determine how a person will spend his or her retirement and whether there will be enough money to finance the entire span. But exactly how healthcare needs to be factored into retirement planning is still a bit elusive for financial advisors. When should the conversation begin? What types of programs and messages should clients receive from their advisors about healthcare? Should advisors help their clients lead healthier lives?

"In a lot of ways, healthcare has been left outside the whole financial planning process," says Ruth Papazian, Chief Marketing Officer with LPL Financial. "There is no single source for a person to go to." Instead, clients are often left on their own to patch together what they need from Medicare, private insurance, their own funds

and friends and family. Many do not address this need until they are face to face with it, usually at the time of illness.

Number One Concern

But health considerations consistently top most clients' fears about retirement. Health issues affect the quality of those years overall, and raise the question of whether assets can withstand the onslaught of any health-related costs. There is good reason to be concerned: According to Fidelity Investment's yearly survey of healthcare costs, a 65-year-old couple retiring today can expect to have \$250,000 in out-of-pocket costs not covered by Medicare, before long-term care is factored into the equation. The National Center for Policy Analysis estimates that by 2024, medical costs will account for half of seniors' total yearly consumption.

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Retirement Institute is working with the SEC on a proposal for a new rule to ensure the summary prospectus for variable annuity products are easy to understand and not excessively long.

Here Are 5 Additional Tips to Keep in Mind When Working with Clients

1. Know your clients. This is the most critical part of making sure that your clients select the most appropriate investment products and that the products will meet their financial needs and objectives. Before recommending the purchase of a variable annuity, FINRA recommends inquiring about, at a minimum: the customer's age; annual income; financial needs; investment experience and objectives; intended use of the deferred variable annuity; investment time horizon; existing assets; liquidity needs and liquid net worth; risk tolerance; and tax status.

2. Understand the products you sell. This will enable you to explain them effectively to your clients. Make sure you know exactly what benefits a contract offers and how they are calculated, as well as what the contract does not offer. Relying on the short summary of product characteristics that a wholesaler provides is not sufficient. Spend time doing your own homework such as reading the prospectus, contract and marketing materials, and calling the insurer for clarification if there are aspects that you don't fully understand.

3. Discuss your clients' need for guaranteed income. Most Americans do not understand their longevity risk in retirement. Clients in their early 60s could live in retirement for 30 years or more, and will need a strategy to guarantee income to meet their daily living expenses over that time. Many clients these days have no pension other than Social Security; annuities may be the only way for them to receive guaranteed income.

4. Rarely recommend putting more than one-third of a portfolio in an annuity. As with any investment product, do not put all your clients' eggs in one basket. While annuities can be an important part of a complete financial plan, the advisor must make sure that their clients have enough liquid investments to be able to take care of unexpected financial needs for themselves or any dependents.

5. Make older clients feel comfortable having family members in the decision-making process. While some seniors are very independent, many others like to involve a son or daughter in major financial decisions. A rep can say, "Is there a family member whom you'd like to see my presentation before you make a decision?" After all, keeping adult children in the loop can safeguard the agent as well from any suspicion of using high-pressure sales tactics on seniors.

Following these tips from the Insured Retirement Institute will protect your clients from poor investment decisions—and protect your integrity and reputation. ●



3 Questions with AXA Equitable's Jamie Shepherdson

What were the biggest lessons you learned over the past 18 months?

We drew two fundamental lessons from the economic meltdown: First, how clients view retirement, and the emphasis they place on it, will never be the same. We heard this loud and clear in a recent consumer survey that AXA Equitable conducted on the attitudes and behaviors of investors. Three key findings emerged:

- Fear of inflation and taxes now tops the list of what worries individual investors.
- People are now as fearful of not being invested in stocks as they are of being invested in stocks.
- Many Americans, in desperation, are increasingly putting off retirement.

The second lesson: The risk appetite of clients and financial services companies alike have changed, so the products and services we offer consumers have adjusted.

How are you applying what you learned during that crisis to your business today?

Recent market volatility exposed the need not only for change in how individuals grow their investments and protect them, but also for insurers to design products that are better suited to help them meet those needs. As risk managers, insurers are in a unique position to play an active and forward-looking role in retirement preparedness.

The crisis has emphasized the importance of designing prudent, sustainable products that help clients capture investment growth potential, adapt to changing market conditions and protect their retirement income. These strategies need to evolve as consumers approach, enter and move through retirement. Financial professionals and their clients can no longer rely on one solution.

I believe we will see more product innovation in the next three years than at any other point in our history. Multiple retirement planning strategies and products are needed to help financial

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VA Product Development: The Next Wave

by Lisa Plotnick

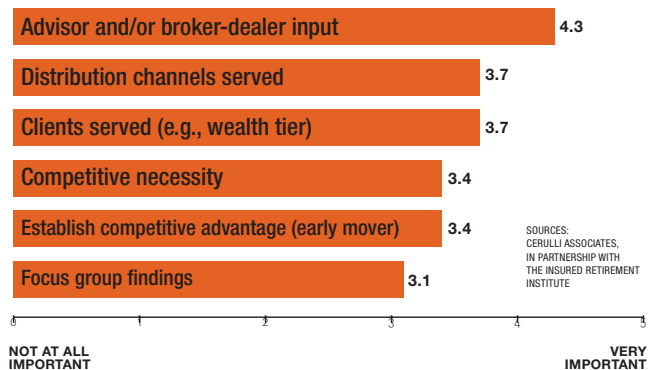
The variable annuity (VA) industry has come a long way in the nearly sixty years since the product was introduced. Much of the industry’s growth transpired in the 1990s, fueled by the tax advantages afforded to VAs compared to other investment vehicles via various 1980s legislative actions, a rising stock market and the expansion of VA death benefit guarantees. A moderate growth pace continued for much of the first decade of the 2000s, when the focus turned to retirement income guarantees. Today, VA providers are ushering in 2010 by renewing the focus on the key attributes that proved to be highly valuable in the wake of the global financial crisis—principal protection and insured retirement income—while the management of the associated risks has taken on a higher profile.

Cerulli Associates (CA) has segmented the past 15 years of VA product development into three categories: laying the groundwork (1995 to 2004), reactionary product development (2004 to 2009) and stabilization and rationalization (starting 2009), as defined in the box below. The VA industry, having experienced the growing pains of the 1990s, product one-upmanship in the 2000s and the challenge of proving the value of its product during the recession of 2008 to 2009 must rebuild. Success, however, will hinge on taking a new view of product development. This will require VA product providers to carry out a careful review of their product offerings to optimize the benefits offered within each product and determine how those offerings fit as

one component of a retirement income plan. In fact, research we conducted for our 2010 report, “Evaluating Your Variable Annuity Product Line,” shows that the most comprehensive benefits are not necessarily the most effective in generating assets.

Cerulli research conducted for our “Cerulli Quantitative Update™: Annuities and Insurance 2010,” sheds light on the factors that influence the development of variable products. According to a survey we conducted in partnership with the Insured Retirement Institute (IRI) in the first quarter of 2010, variable annuity and variable life product developers consider distribution-related criteria highly valuable when designing products. Input from advisors and broker-dealers was rated most highly (an average 4.3 on a 5-point scale), followed by the channels in which the product is to be distributed (3.7) and the client base served by the advisor (3.7).

Factors Influencing Variable Annuity and Life Insurance Product Development, 2010



CERULLI ASSOCIATES’ VA PRODUCT DEVELOPMENT STAGE DEFINITIONS

LAYING THE GROUNDWORK

The stage in the history of VA product development in which the foundations of the product were designed and proven. Product development focused mainly on preserving the asset values of annuity contracts, and included the enhancement of death benefit guarantees and the introduction of guaranteed living benefits. CA identifies this period as spanning from 1995 to 2004.

REACTIONARY PRODUCT DEVELOPMENT

The stage in the history of VA product development in which insurers often added benefits and features in response to market demands and the actions of competitors—both in good times and bad. There was little in the way of significant new products during this period, which included both product one-upmanship and de-risking. CA identifies this period as spanning from 2004 to 2009.

STABILIZATION AND RATIONALIZATION

The stage in the history of VA product development in which benefit levels have stabilized to levels that insurance companies are realistically able to provide and sustain long-term. CA views this as an extension of the de-risking that occurred in response to the market crisis. CA identifies the start of this period as late 2009, although it will be a gradual transition for many firms.

Competitive necessity also impacts product design, yet to a lesser degree than in previous years. This reflects the de-risking trends of 2009, in which product one-upmanship took a back seat to risk mitigation. (We do note some overlap between competitive necessity and input from distribution partners, based on advisors’ desire to offer products that keep up with the competition.)

Cerulli contends that while seeking advisor input on product development issues, insurers would be wise to interject risk management strategies and positioning approaches into the conversation. Cerulli research conducted in the third quarter of 2009 showed that 72% of advisors consider living benefits a key factor when selecting a VA provider, and 80% value financial strength ratings—giving insurers the perfect opening for discussing the reasons behind de-risking and why less-generous benefit levels do not necessarily correlate to insurer health. Insurers should also reach out to advisors who do little VA business to share positioning strategies that could be employed in the marketplace. Improved wholesaling techniques, in conjunction with product line analysis, are needed to move the industry away from product development warfare into one that provides a greater, long-term focus on clients’ retirement income needs. ●

Lisa Plotnick is a director at Cerulli Associates, a Boston-based research and publishing firm specializing exclusively in the financial services industry.

Accumulation Versus Decumulation Planning: What Is Your Approach?

After focusing on accumulation for most of their working years, clients nearing retirement may find the shift toward decumulation to be a challenge. Moving into the drawdown phase requires an adjustment in thinking—as well as in their portfolios—for most clients. After living through the recent economic crisis, the discussion these days is less focused on the “dream retirement” of second homes and extensive travel, and more focused on how to securely meet clients’ essential expenses of housing, healthcare, food, utilities and so forth.

A common theme among four financial advisors we talked to is the need to guide the client toward a decumulation strategy that balances income products to provide security for essential needs, and more liquid investments that can be accessed in case of emergencies. Here is how they approach the topic of decumulation with their clients.

Creating a Modern Day Pension

Michael Vanhorenbeck, Director of Investments at J.W. Cole Financial in Clearwater, Fla., often starts the discussion with a comparison to retirement in the time of the parent or grandparent’s generation. “At that time, the typical retiree would have a big pension from working at one company for many years, and anything else they had came from Social Security,” he says. He points out that most clients retiring now won’t have that, and then suggests they consider setting up a guaranteed income product that will provide for their fixed expenses.

This approach helps ease clients into a discussion of annuity products,



“Clients should consider setting up a guaranteed income product that will provide for their fixed expenses.”

a topic some may find confusing at first. Most clients have a good grasp of mutual funds, stocks and bonds, but the word “annuities” in itself can be off-putting to some. Clients may not understand exactly what they are, or may have heard only that they are expensive; the job of the financial advisor begins with education to overcome some of the negative perceptions.

Clients crave a higher level of security, post-economic meltdown; they think about fear and risk differently. They have more concerns about their investments in stocks, bonds and real estate and whether they will have enough money if they live for many decades. After taking time to assess their projected fixed expenses, secondary expenses (such as travel) and long-term goals (for example, assets left to heirs), Vanhorenbeck will encourage clients to start positioning portfolios

more conservatively as they approach retirement so their assets will provide a steady stream of guaranteed income for life.

Using Annuities to Allay Fears and Provide Security

Lee Rosen, Senior Vice President at Morgan Stanley Smith Barney in Jericho, N.Y., says many clients do not have a clear picture of what their spending needs will be in retirement, and are concerned about having their money locked in to an investment. Annuities are about 20% of his business and he often uses them to help clients lessen their fear and build security.

“Many clients do not have a clear picture of what their spending needs will be in retirement, and are concerned about having their money locked in to an investment.”



Rosen recommends variable annuities as a solution for the older investor who has been invested in the stock market for years, but is worried and considering bailing out. “They have mutual funds, and they want to switch to more conservative investments such as CDs and money market funds, because if they lose money they will not have enough to retire on. For them, I suggest that with a variable annuity you can keep your market exposure about the same, while at the same time you have the security that you’ll still have money to live on even if the market goes down,” he says.

“Say a client gave me \$1 million in 2007 and it’s worth \$650,000 in 2008. If they are invested in stocks, and they ask for a guarantee it is not going to get worse, the answer is, there is none. If the \$1 million was in an annuity and it had gone down to \$650,000, I would be able to say, your plan is still in place. You’ll still get your \$70,000 a year in retirement, and if the market comes back, your principal will be there.”

Last year Rosen, at age 54, bought annuities himself after taking a hit in the value of his IRA. “I had always believed, for 29 years, that the stock market would go up. But after we all lost one-third of our money, I wanted to guarantee that my wife and I would have some income to live on, starting in about 10 years. The annuity I bought gave me the same market returns as I would have had—I’m up about 40%—but the guarantees cost me a fee of probably about 1% per year.”

It’s important to note that not all annuity products offer the same level of guarantees and that some clients are simply not well-suited for annuity products. One example is investors who are wealthy enough not to panic if they sustain losses. These people don’t need to pay the fees because they don’t need the guarantees. Another example is extreme pessimists who have no confidence in the

market, who will be devastated if they lose principal. “I’d rather sell them CDs and Treasury bonds,” says Rosen.

Drawdown Strategies for a Bear Market

Susan Moore, Financial Consultant with LPL Financial in Alexander City, Ala., draws on her long experience in the industry as she frames the discussion of decumulation in the context of the bigger economic picture. When she became a broker in 1983—at the tail end of an 18-year secular bear market—the standard of the day was to manage money with an absolute return bias. “Today, most managers have a relative return bias, meaning, if the herd goes down 30% but they only drop 27%, they’ve done their job.” For her, that approach just isn’t good enough when it comes to retirees in a down cycle. “I don’t believe what we have gone through is just a severe recession like the others we’ve had since WWII,” she says. Moore firmly believes we are still in a secular bear market, and that lengthy down periods could continue for many years.

“I think my clients who are in the decumulation phase face risks that are more substantial than at any time since the Great Depression in the U.S. or Japan in the 1990s. If someone’s portfolio loses 30%,”



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they will need to go up 45% in five years to get back on track. But, if they are retired and taking 5% a year from their assets, and on top of that they lose 30%, they will have to go up 80% in five years to get back to even,” says Moore. In other words, for retirees, one or two big hits to their portfolio may prove fatal, because they don’t have a long time horizon to recover. This realization sent Moore and her clients out of the stock market in January 2008, and Moore back to her absolute return roots.

“The average bear market drops 28% and my clients cannot afford to lose that 28%. It makes sense to me to pull to the sidelines and have our money invested very conservatively in short-term government bond funds. If I’m wrong, we could miss a potential 5% to 10% upside that we might have made, but if I’m right, we’ll miss a potential 30% drop.”

Her decumulation strategy is to err on the side of caution, preserve capital and use annuities with living and death benefits to guarantee income during a difficult period. “You wouldn’t need these kinds of guarantees in a secular bull market. But they are essential to a decumulation investor during the secular bear market.”

Starting Income Planning Early

John Diehl, Senior Vice President of Retirement at The Hartford in Wayne, Pa., says the problem with today’s world of 401(k)s and IRAs is that clients do not have a good idea of how much their assets translate to as monthly income, or what kind of lifestyle they will be able to afford. “If my 401(k) is worth \$500,000, what does that translate into as income? If I invest \$100,000 today at age 50, how much income can I count on at age 65? Clients don’t have a clear idea of whether they have enough,” says Diehl.

“If I can take part of the risk out of the picture and ask an insurance company to absorb that risk, I’ll do that.”



Income planning tools such as Monte Carlo analysis can offer an 85% chance of success of not outliving assets, which sounds like reasonably good odds, during the accumulation years. But he points out that 2008 gave clients a sense of what a 15% chance of failure feels like.

Similarly, a well-known rule says if a retiree has a pot of money and withdraws no more than 4% per year, it should last his or her lifetime. While that rule of thumb may be somewhat useful when retirement is still 10 to 15 years away, Diehl notes “As you near the day that you are going to stop working, there is a heightened degree of concern over that strategy. If your strategy was to retire in 2008 and withdraw 4% a year, you would have found yourself deep in a hole within your first two years.”

Indeed, a 2009 survey by The Hartford found that 65% of retirees or those nearing retirement were not at all confident that they had enough saved money. Diehl notes that most clients today are overweighted in their lump sum assets and underweighted when it comes to lifetime income. For many, their only guaranteed income is Social Security. “If I can take part of the risk out of the picture and ask an insurance company to absorb that risk, I’ll do that,” he says.

He recommends starting the income discussion with clients as early as in their 40s. They may not be ready to purchase income products at that age—though some will be—but you can start to form a plan for systematic purchases of income products over time. “That’s how our employers used to fund our pensions, they didn’t fund them overnight right before retirement,” says Diehl. Make sure clients understand that the purchase of lifetime income is just one component of their overall retirement plan. ●

...The Health and Wealth Puzzle *continued from cover*

“We have to answer the question for our clients, ‘What are we going to do about healthcare?’” says Craig Brimhall, Vice President of Retirement Wealth Strategies with Ameriprise Financial. “It’s a major expenditure to the point of being debilitating for many people.” Yet advisors may not be experts on the topic. They may not know which Medigap policy is the best option for covering health expenses, or have an opinion on which long-term-care insurance riders are needed. “An excellent financial advisor will take into account services that he or she may not necessarily provide,” Brimhall says. “We as a company do not sell health insurance products, but we need to understand how that fits into the overall retirement picture.”

Healthy Planning

When advisors take health costs into account, they have very different conversations with their clients, say experts. They can look at a client’s financial picture holistically.

“Many advisors are trying to get in front of the healthcare issue with their clients.”

Myles Lambert, Morgan Stanley Smith Barney

“Many advisors are trying to get in front of this issue with their clients,” says Myles Lambert, National Co-Head of Insurance Business at Morgan Stanley Smith Barney. “They will look at the family history and talk about whether to self-insure or explore some kind of long-term-care insurance.”

Advisors can also position retirement portfolios to finance healthcare. “We should be smart enough to have a sinking fund (in addition to long-term investments), which we can use to pay for things like deductibles or dental—things that are generally not

covered by Medicare,” says Brimhall. “We will want to keep that fund fairly liquid in case there’s an unexpected medical cost that needs to be paid right away.”

A Real Opportunity

In an industry on the front lines of the baby boomer retirement wave, figuring out a way to help older people deal with healthcare is more than an academic issue for financial advisors. “This is a big area of interest for us,” says Papazian. They have commissioned research to study the issues to help the firm figure out what programs it must implement to help clients with this concern.

“We have to answer the question for our clients, ‘What are we going to do about healthcare?’”

Craig Brimhall, Ameriprise Financial

Papazian believes financial advice firms must go beyond just the funding issues involved and delve deeper. For example, it is not unusual for one spouse to retire with excellent benefits from either a private employer or the military, while the other spouse needs to piece together (sometimes inadequate) coverage. Some pre-retirees may also be worried about restricted access to their doctors once they retire, given that many doctors do not accept Medicare’s notoriously low reimbursement rate. “All these things have implications and advisors need to be thinking about them,” Papazian says.

But can advisors be realistically expected to take so much into account? “Advisors should know how Medicare and Medigap work,” says Brimhall. “But do we have to have Medicare A, B, C and the rest of that alphabet soup memorized? No. We do need to make sure we know the appropriate specialists to go to. We quarterback it.” ●

...3 Questions *continued from page A2*

professionals and their clients adapt to changing market conditions and the different stages of retirement. Options today need to address a wider array of issues, such as market and interest-rate volatility, the potential for rising taxes and inflation, and increased longevity.

How can advisors apply what you have learned to make their futures successful?

Financial professionals remain the ambassadors of our industry. They will be integral to restoring consumer trust by presenting a range of creative strategies that can be tailored throughout an individual’s life.

After the market meltdown, consumers are no longer simply seeking investment guidance—they want a holistic approach to retirement income planning. And accumulating assets is only half of a retirement plan.

To thrive post-crisis, financial professionals will need to shift their practices away from an investment advice model toward comprehensive retirement income planning. Education is not only required, but worth pursuing.

This reality drove AXA Equitable to create a continuing education program called “Cracking the Code.” The program provides financial professionals with the in-depth knowledge they need to confidently guide their clients from the preliminary retirement planning stages through accumulation and distribution of assets. It includes practical tools that financial professionals can use to pull all elements of a retirement income plan together and evolve their practices to meet the new retirement reality. ●

James A. Shepherdson is Chairman of the IRI Board of Directors. He is also President of Retirement Strategies at AXA Equitable.

Variable Annuity Contract Changes Slow Greatly

The market meltdown of 2008 and 2009 brought deep turmoil across the financial services landscape. One area particularly hard hit was variable annuity contracts, which many carriers found to be too expensive and too generous to continue. Contracts were repeatedly changed in an effort to keep up with market conditions.

However, as the last two quarters have returned stability to the market, contract changes have slowed greatly, according to experts in the industry. It is a welcome relief for producers and provides an opportunity to explain the role of variable annuities in retirement.

Contract changes are not uncommon, especially ahead of the May 1 prospectus filing date; however, the sheer volume of modifications enacted in the last few years was unprecedented, say annuity experts. The rate of change picked up in the mid-2000s as carriers introduced new living benefits such as guaranteed minimum withdrawals coupled with more competitive pricing.

Scott Stolz, President of Raymond James' Insurance Group, notes that the first round of changes made products better, but the second round of changes made the products worse. Insurers were involved in a cost versus benefits cycle.

“What you have now is stabilization and emerging optimism that the worst is behind the equity market.”

Merry Mosbacher, Edward Jones

Pricing Challenges

During the bear market, carriers found themselves in the position of paying out significant withdrawals to clients at the same time the underlying investment portfolios were rapidly declining in value. They concluded that in many cases the premiums didn't cover the guarantees.

“The cost of the guarantees and the hedging involved became exorbitant for the carriers,” explains Merry Mosbacher, Principal of Insurance Marketing with Edward

Jones. “It was difficult to manufacture a product that was competitive for the customer and affordable for the carrier.”

In response, insurers began making multiple, drastic changes during the market downturn, in three main areas. First were fee increases, some on the magnitude of 10 to 15 basis points. Second, products were taken off the shelf entirely, judged too costly for carriers to continue. Finally,

“During the bear market, carriers were paying out significant withdrawals to clients while the underlying investments were rapidly declining in value.”

Merry Mosbacher, Edward Jones

there were major changes to the benefit guarantees themselves, the feature that had attracted clients in the first place.

“The step ups were tweaked, the withdrawal percentages were changed and so on,” explains John McCarthy, Vice President of Marketing for Advanced Sales, which tracks variable annuity trends. Withdrawal amounts that may have started at 7% may have been whittled down to 4% or 5%, he explains. Some carriers also altered the investment lineups within the variable

frenzy. “What you have now is stabilization and emerging optimism that the worst is behind the equity market,” says Mosbacher. “What we have coming into May 1 is very few product changes across the board.”

While Advanced Sales has not reported the dramatic drop off in contract changes, as has been experienced by some producers, the organization does say that the era of major, unsettling changes is largely past.

“A lot of the changes have already been made, so I'm not expecting to see a lot of new ones,” says McCarthy. In the fourth quarter of 2009, there were 35 to 40 contract changes, Advanced Sales reports, a far cry from the 135 that were reported in the first quarter of that year. In the first three months of 2010, Advanced Sales logged 140 such changes, though McCarthy notes that changes are more common early in the year.

For Mosbacher and other annuity marketers, the stability means that firms can now concentrate on selling products instead of having to retrain agents each time there is a change. “That's a growth opportunity for us,” she says, “because we can have continuity with the product.” What's more, reports Mosbacher, with renewed stability, variable annuities are becoming more attractive with some carriers lowering prices and increasing benefits again.

Today's pricing, she says, is more rational than it was at the height of the bull market when carriers tried to outdo one another on pricing and offerings and carriers are well positioned for the era ahead. “I'm convinced that the contracts today are priced in a way that will sustain the benefits for clients, in particular these lifetime guarantees,” says Mosbacher. ●

annuities to more conservative offerings with less market exposure.

“These products were designed to go through a normal business cycle,” says Stolz, “not the one we just experienced. I don't know what will happen with the contracts if we have another event like 2007 to 2009.”

Stability Returns

Things have settled down over the last few quarters with the industry in less of a



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