

Guaranteed Income Sources

Current Products with Guarantees or Predictable Returns

An analysis of packaged retirement income solutions

One of the most significant investment product development trends from 2005 to 2007 has been the rise in the number of firms seeking new ways to provide regular, predictable income payments without having to use insurance contracts. In 2005, only 44% of firms reported that they were planning to eventually offer products that use “non-insurance approaches to guaranteeing income,” but this figure jumped to 71% in 2007. However, despite the interest in non-insurance techniques, insurance products will definitely play a role in the retirement income product line.

In this whitepaper, FRC provides insight into the factors driving guaranteed income and predictable returns for retirement income and examines the pros and cons of the following products—managed payout funds, hybrid products, and variable annuities. FRC also presents an outlook on which products will garner the greatest sales as baby boomers exit the workforce.

In this report, FRC highlights the following:

Managed Payout Funds (MPFs)

- Fidelity Income Replacement Funds
- DWS LifeCompass Income Funds
- Vanguard Managed Payout Fund Series

Hybrid Products

- Lockwood Longevity Income Strategies Solution (LIS²)
- Genworth LifeHarbor
- Envestnet's Nationwide Portfolio Innovator
- Merrill Lynch Withdrawal Insurance

Variable Annuities

- Guaranteed Minimum Income Benefit (GMIB)
- Guaranteed Minimum Withdrawal Benefit (GMWB)
- Guaranteed Minimum Account Balance (GMAB)
- Guaranteed Minimum Withdrawal Benefit for-Life (GMWBL)

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