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The only two annuity sales you will make in a volatile market

In today's marketplace, there are only two suitable FIA sales. The first is obviously the income sale. But the second sale to make is often overlooked. Here are a few products you need to consider adding to your practice to capitalize on these sales.

The annuity sales market has entered uncharted waters. Crediting and **interest rates in annuities** have simultaneously hit rock bottom, while the demand for these products has skyrocketed. Conventional wisdom would suggest that when rates are low, sales will follow. So, why this volume of sales in this rate environment?

Market volatility, an aging generation of baby boomers and the fear of outliving retirement savings has created a rush of consumers into fixed indexed annuities for one primary reason: lifetime income benefits. The first income riders (or guaranteed lifetime withdrawal benefit) were introduced in mid-2006 just before interest rates started their plunge. The resulting combination of principal protection and guaranteed income for life became a compelling story and the new power source for the industry.

Before long, the indexing growth and tax-deferred advantages of FIAs were playing second-fiddle to the ever growing income story. Today, it's all about income, deferral rates, payout rates, IAV bonuses — 50 different ways to take income. It's all we hear about as professionals, but is it all you are talking to your clients about ?

It seems this story couldn't get much more confusing, but recent data from Annuityspecs.org adds yet another layer of complication. Despite the fact that income benefits are the primary selling feature of today's annuities, the number of annuity owners who elect to receive income from their GLWB is steadily declining. According to industry statistics, the incidence of GLWB election has never been lower."

Now that we understand our environment and the way consumers are responding to it, there are some important lessons we can take away from this. First, consumers are just as concerned about safety as they are about income. With election rates just above 50 percent and steadily declining, we have to realize that all the income bells and whistles we show our clients may actually be the secondary reason our clients are buying our products.

The second lesson to learn is that agents may be over-selling income to consumers who really need accumulation and safety. It's true that some income features are built into some annuities. Other carriers offer **income riders** for free on their products. But when we realize that income election rates are just over half the people who own these products, we have to question whether we are selling the right product to the right client.

In today's marketplace, there are only two suitable FIA sales. The first is obviously the income sale. We know the big income carriers in the market. They are the ones sending us postcards, emails and **webinar** invitations and proving that their product has an advantage over the others.

But the second sale to make is often overlooked. These are the consumers who aren't buying the annuity for income, but who need modest growth and reasonable access to their money. The market is ripe with products designed with such a consumer in mind, but without the income hype, they are likely lost in the shuffle. Here are a few products you need to consider adding to your practice to capitalize on these sales.

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High-cap annuities
Many carriers offer a lower-bonus, high-cap annuity, and today is the day we should look at them with an open mind. Jack Marrion has clearly proved that these products will outperform their high-bonus counterparts over time. Give your clients what they want with surrender terms as low as seven years and caps as high as 10.5 percent.

Short-term annuities

One of the hottest products on the market today is a six-year product with conservative bond index crediting strategies utilizing an asset fee rather than caps. This securities-friendly product can be renewed or rolled at the end of the term, providing appealing **liquidity** to both the client and the advisor.

SPL The healthy 8 percent annual point-to-point caps in today's SPL products are making annuity producers consider them in a new light. They are taxed like an annuity, with adequate liquidity features, reasonable terms and substantial death benefits. Today is the day you should take a second look at your pending annuity cases and compare them with SPL products.

CDs

Your insurance license is all you need to offer your clients FDIC-insured CD products with many of the index growth strategies currently offered in annuities. With tax season approaching, get ready for the biggest period of CD renewals with CDs in your pocket.

ROP annuities

When liquidity is a necessity, you cannot beat the competitive client-friendly products with return of premium features built into them. Throw away what you know about surrender charges and imagine your clients walking away at any time with all their cash, and maybe even a tiny profit.

One thing that is constant in our industry is change. It's pervasive, affecting consumer sentiment, agent behavior, carrier offerings and **FMO support**. Your ability to weather the tides of change will set you apart from agents who are stuck trying to replicate yesteryear's successes.