

Athene Rolls Out New Immediate Annuity

The industry's dominant seller of fixed-rate and fixed-indexed annuities is refining its offering in a much smaller, but fast-growing, segment.

By **Cyril Tuohy** | August 26, 2024

Annuity powerhouse Athene has rolled out a new single-premium immediate annuity as sales in the segment have boomed on the back of high interest rates.

The carrier's new Athene Activate annuity complements Athene's individual lineup of fixed-rate and fixed-indexed annuities. In the first quarter, Athene was the top seller in each of those segments, according to Limra.

In the much smaller payout annuity segment, which includes immediate annuities, New York Life was the biggest seller, with \$1.6 billion in premium in the first three months of the year.

Last year, industrywide sales of immediate annuities reached \$13.3 billion, more than double the \$6.4 billion sold at the end of 2021, Limra data shows. Interest rates began rising in March of 2022 after a long period when the Federal Reserve held them low, and overall industry annuity sales have soared as a result.

"Adding an enhanced SPIA alongside our existing market leading product suite further expands our breadth in providing guaranteed income solutions for retirees," said Mike Downing, chief operating officer at Athene, in an email. The company also offers buffered variable annuities.



*Mike Downing, chief
operating officer, Athene*

The Activate contract, as well as other Athene products, address growing demand for guaranteed income in retirement, he said.

The new income annuity replaced a previous product and is the only single premium immediate annuity available for new sales at Athene, the company said.

Immediate annuities begin paying out within 13 months of purchase. They are often the simplest annuity products to buy, and insurers typically pay agents a commission of 1% to 3% on the sale, according to the financial resources website annuity.org.

Athene Activate comes with a cost-of-living adjustment, which allows owners to benefit from an automatic compounded annual payment increase of anywhere between 1% and 5% a year. But the feature must be selected at issue. Compared to an immediate annuity with a level payment, starting payments for a contract with the cost-of-living adjustment feature are lower in the early years to account for the increases in later years.

Athene said the minimum premium to buy its Activate annuity is \$10,000 and the maximum premium is \$1 million. Larger amounts may be accepted with company approval, according to product details on Athene's website.

The contract can cover one life, known as a single life, or two, known as a joint life.

Payout options vary. They include a guaranteed period, known as a "period certain only." In this case, annuity payments, made annually, last from five to 30 years regardless of whether the annuitant is alive or not, the company said.

Another option is a "single life with period certain." Payments last the lifetime of the annuitant, or can last for a period of five, 10, 15 or 20 years. If the annuitant dies before the end of the chosen guaranteed period, the remaining payments go to the beneficiary. Other options for a single life annuity come with refunds.

Similar payment structures exist for the joint life version, according to a product summary.