

Five Reasons You Should Be Monitoring Your **Annuity Book of Business**



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Annuities come in countless forms and fashions with all sorts of bells, buzzers, and whistles attached to them. Variety brings complexity as the details of the mechanics and features will fade from memory over time with even the best annuity experts. You simply can't rely on memory to guide you, and it's

impractical to re-educate yourself on the specifics of a given contract every time you need to have a conversation about the annuity. You need to monitor and manage the annuities your clients own – for your benefit and theirs. Here are 5 reasons you should be monitoring your annuity book of business.

Changes to client goals or resources

This is an obvious reason, but your clients may not have reached out to you regarding the annuity. They may not understand the options they have (i.e., a penalty free distribution) available to them under the terms of the contract. If you proactively touch

base with your clients, it affords you the opportunity to discuss the fit of the current annuity contract. It could lead to changes or termination of the current annuity, but it could just as likely lead to a new opportunity.

New benefits and features

The annuity world is constantly innovating. Products or features that weren't available 10 years ago could be available today. Perhaps features that were available when an annuity was purchased weren't of interest at the time.

For example, maybe Long Term Care wasn't a concern years ago, but a family experience with the

challenges of caring for a loved one has opened the eyes of your client to the need for LTC solutions. The client's wealth profile could differ dramatically in the COVID world than it did pre-COVID.

It's a good idea to review the client's annuities to see if new features or benefits available today are of interest.

Income options and guarantees

As the expected accumulation phase of an annuity winds down, clients may look at how to get income out of the annuity. Could simple annuitization be the answer? Maybe you looked at a SPIA option previously, but the rates were too low. With rising interest rates, a SPIA could be an option today. Perhaps the guaranteed income provisions of a VA

are of interest with the markets down.

Could new products provide better income options than the existing annuity? If you're not monitoring your annuities, you may never revisit them to determine the best course of action.





Out of surrender period

Policies that are outside of their surrender charge period are natural candidates for review. This allows clients to reconsider their needs and objectives without a surrender penalty limiting options.

This would also be a good time to examine the impact of any pricing increases in an old annuity or premium limitations the carrier implemented.

Carrier strength

A promise to pay a benefit is only as good as the carrier backing it up. Significant volumes of annuities are sold by carriers with less favorable financial strength ratings. Carrier acquisitions have also occurred. Is the client comfortable with the strength of the carrier today? Has their perspective changed on carrier strength as they near retirement?

There are many reasons to monitor and manage your annuity book of business. Proformex can help you stay on top of the annuities and bring greater satisfaction to your clients.

About the Author - Mike Pepe

Mike Pepe capitalized on his nearly 20 years of life insurance policy expertise by launching Proformex, an inforce policy management platform that helps fiduciaries, financial planners, insurance brokerages and agents monitor, manage and govern their life insurance policies. Its SaaS (Software as a Service) solutions are designed to proactively alert customers of potential problems with their life insurance policies and protect against degradation and asset erosion.

Prior to founding Proformex and serving as its Chief Strategy Officer, Mike started in the life insurance business with Mass Mutual and quickly became a leading agent. Soon after, he cofounded River Financial Group, a full service financial advisory firm. His focus was on building a highly successful financial planning practice which took into account the various parts of a holistic financial plan. As he focused on estate planning, he started The TOLI Group, a life insurance firm which was designed to fill the gap in the market for insurance consulting and the need for ongoing policy monitoring and management support, especially as it relates to trust owned life insurance.

About Proformex

At Proformex, we're reimagining how the industry thinks about protection assets. Your life insurance and annuities data is valuable. We connect you to it. The result is an end-to-end, digital solution to manage life and annuities. We help you maximize potential from your existing business—increasing the lifetime value of your client relationships, mitigating policy and reputational risk, and creating new opportunities for revenue growth.

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