

John Hancock Targets 'Income Now' Market with New, Optional Guaranteed Withdrawal Benefit Rider

by PR-Newswire

BOSTON, Oct. 1 /PRNewswire-FirstCall/ -- John Hancock Annuities today announced the introduction of "Principal Returns," its newest, optional guaranteed withdrawal benefit rider. Principal Returns has two distinct features: it provides an 8% withdrawal rate for clients seeking "income now," and offers an accumulation benefit feature for those seeking principal protection while investing in the markets. The new rider complements John Hancock's popular lifetime withdrawal benefits which were designed with the "income later" client in mind.

"Our current withdrawal benefits provide the best solution for 'income later' clients available in the marketplace," said Marc Costantini, President, John Hancock Annuities. "Principal Returns completes our Venture Annuities product suite and provides solutions to clients in areas in which we had not competed, namely the 'income now' and the accumulation benefit space. We believe Principal Returns offers advisors more robust options than had been previously available to them in these niches."

"Our distribution partners view Principal Returns as a versatile benefit that addresses the needs of older clients concerned with maximum guaranteed income, or, for younger clients, as a cash flow bridge to Social Security retirement benefits or pension benefits. The principal protection offered through the Accumulation Benefit feature of Principal Returns will appeal to conservative clients who want to invest in the equity markets but are concerned with market risk," said Robert Cassato, Executive Vice President of Distribution for John Hancock.

The 'income now' feature of Principal Returns offers clients guaranteed 8% annual withdrawals, whereas the prevailing guaranteed withdrawal rates offered by many variable annuity providers are 7% or less. Clients may elect to receive a lower withdrawal rate in order to increase the guarantee period. In addition, Principal Returns allows clients to lock in potential market gains through an automatic step-up provision that runs until age 95. All remaining withdrawals and step-ups pass to any beneficiary.

Principal Returns' accumulation benefit feature guarantees principal protection in a down market and return of rider fees in an up market. If no withdrawals are taken during the first 10 years, the client's contract value is automatically increased to equal the greater of the first year payments or current contract value plus any Principal Returns rider fees paid to that date. At this point in time, clients will still have the opportunity to utilize the 'income now' feature of Principal Returns.

The introduction of Principal Returns is another example of John Hancock Annuities' commitment to offer innovative solutions that help address the range of challenges individuals face in retirement. As with John Hancock's Principal Plus For Life and Income Plus For Life series of riders, the guarantees of Principal Returns are backed by the claims-paying ability of John Hancock, one of the highest-rated insurance companies in the variable annuity industry.

Source: John Hancock Annuities

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