

New Annuity From F&G Delivers Two Income Paths

Growth is linked to five indexes and beneficiaries can collect any remaining benefits after the owner's death.

By **Cyril Tuohy** | March 7, 2025

F&G Annuities & Life has rolled out a new fixed-indexed annuity with two income options as the insurer seeks to target booming demand for lifetime income.

The new annuity is called F&G 1-2-3, a catchy phrase to designate one product with two income options and three key benefits — namely, lifetime income, growth potential and a legacy benefit, according to a product summary on F&G's website.

Income options are proving popular and another F&G fixed-indexed annuity, Safe Income Advantage, is "flying off the shelves right now," F&G CEO Chris Blunt told analysts in a conference call last month.

"You've got a lot of boomers with assets looking to lock in guaranteed lifetime income," Blunt said. "So, the macro trends are really good."

F&G's fourth-quarter fixed-indexed annuity sales rose 57% in the final quarter to hit \$1.8 billion, the Des Moines, Iowa-based carrier reported. Industrywide, fourth-quarter fixed-indexed annuity sales rose 22% from a year earlier to \$30.4 billion, industry data shows.

F&G 1-2-3, which pays a commission of 7.25%, is aimed at a market slice traditionally dominated by Allianz Life's Allianz Benefit Control and Allianz 222 contracts among others, according to The Annuity Edge, which tracks annuity product launches.



*Christopher Blunt, CEO,
F&G Annuities & Life*

1-2-3 Index Gains

Account values in F&G's 1-2-3 contract capture gains related to the performance of CIBC's Balanced Asset 5 Index and Balanced Asset 10 Index, BlackRock Market Advantage Index, Morgan Stanley U.S. Equity Allocator Index and the S&P 500 Index, the company said.

Growth linked to the S&P 500 comes with one-year cap rates and performance triggers, the company said. Cap rates limit how much the annuity can earn while triggers credit interest based on a level of index performance.

Account growth linked to the four other indexes comes with one- or two-year spreads and participation rates. A spread is an amount subtracted before index-linked gains are applied. Participation rates allow for the capture of some of an index's positive performance.

Surrender charge periods, which penalize owners for taking too much money out of the contract early, last 10 years. Charges begin at 10% of the account value in most states. Minimum premium is \$10,000 and people 80 and younger are eligible to buy the contract.

Income Choices

F&G's 1-2-3 annuity offers buyers the option to choose whether to start lifetime income payments at any time after issue or 10 years from purchase, the company said in the product summary. There is no fee for the lifetime income feature, but either option must be selected when the annuity is issued and can't be changed, the company said.

The "anytime income" start date offers a 30% bonus to the benefit or income base, along with performance-linked earnings to the benefit base and account value, the company said. A benefit base is an amount from which to calculate future income payments. It is separate from the annuity's account value.

The "future income" option features a 45% bonus to the benefit base, along with performance-linked interest-based earnings, F&G said.

In both income scenarios, payments during the annuity's payout period are eligible to rise based on interest credit multipliers and participation factors, the company said.

In an illustration using a \$100,000 deposit from a 60-year-old woman and a 45% bonus, the benefit base would automatically start at \$145,000 and grow over 11 years to \$259,637 by age 71, at which point the first annual lifetime income withdrawal would amount to \$14,100. Four years later, at 75, the lifetime income withdrawal increases to \$17,801, the company said

The "legacy opportunity" kicks in when the owner dies and the beneficiaries can either collect any remaining benefits as a lump sum or in installments over at least five years, the company said.