

MODERNIZE WHAT MATTERS

Spotting modernization opportunities: signs of an outdated variable annuity



Annuities – and the markets they serve – have evolved. But many clients' portfolios are stuck in the past, holding variable annuities (VAs) issued years ago that may no longer align with their income, preservation or legacy goals – especially as they near retirement.

By spotting opportunities for modernization, you can help clients realign their investment strategy with their current goals and demonstrate your value. Here are some common indicators that it may be time to review clients' VA holdings and consider a more modern solution.



Overexposure to market risk

VAs offer exposure to equity-based subaccounts with no downside protection – leaving clients defenseless against market volatility. For clients nearing retirement, this unlimited downside exposure may no longer align with their risk tolerance. **Consider a solution that offers some degree of downside protection.**



High fees that can erode long-term growth potential

Many legacy VA contracts carry layered fee structures – including mortality & expense charges, administrative fees, subaccount fees and in some cases, rider fees – all of which can reach a total annual cost of 2% - 4%.¹ Known as fee drag, such high charges can hinder clients' ability to grow their wealth efficiently. **Consider a solution that has no (or lower) annual fees.**



Outdated or inefficient riders

Clients may be paying for income or death benefit riders that are no longer delivering value or aligned with their income or legacy goals. Older income rider payouts may not be keeping pace with inflation, and death benefit riders have evolved and now offer more customizable, enhanced options for clients wanting to leave a legacy. **Consider weighing the costs vs. benefits of any riders on clients' VA contracts.**



Issued more than ten years ago

In the last decade, annuities have evolved in several ways – enhanced benefits, greater customization and even brand-new product categories designed to suit a wider range of risk tolerances. **Consider kicking off your annuity review with contracts that have been held by clients for more than ten years.**

By identifying these opportunities and helping clients modernize outdated contracts that no longer serve them, you can strengthen their investment strategy while taking your value above and beyond. Contact the MassMutual Ascend sales team today to talk about reviewing clients' legacy annuity contracts.

¹ The Annuity Expert, 7 Annuity Fees You Must Know Before Buying, 2025

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