

# The Hartford Rolls Out Principal, Income Guarantee Products

By [Donna Mitchell](#), *Financial Planning*

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The Hartford is betting that enhancements to its variable annuity suite will pull it ahead of competitors in the race to offer investors secure retirement income options.

The Simsbury, Conn.-based company rolled out its Personal Protection Portfolios, a set of strategies that use futures, options, structured finance investments, among others, to shield policyholders' principal from equity market shocks and bumps, Steve Kluever, The Hartford's vice president of annuity product and marketing said during a meeting on Friday.

Those portfolios support three new enhancements: Future5 and Future6, lifetime guaranteed minimum withdrawal benefits that provide income protection, and Safety Plus, a principal protection tactic.

With Future5, if an investor purchases an annuity with this feature and refrains from withdrawals in the first 10 years, The Hartford will increase the client's benefit and income base by 5% annually, with the opportunity to earn more depending on how the market performs. Future6, the second new withdrawal benefit feature, offers an increase of 6% annually, also with the opportunity for market step-ups. True enough, withdrawal benefits are standard in the industry, as Kluever said.

In this respect, The Hartford is bringing its variable annuity product features up to speed with the industry. But it aims to make its third new feature, Safety Plus, is a little less usual.

Safety Plus, locks in the investors' principal through the Personal Protection Portfolios. Also, if the client purchased the contract at 55 or 56, for example and the principal dwindled to \$90,000 over the next 10 years, The Hartford will replenish the difference, Kluever said. Then the investor has the option of moving the entire \$100,000 into the Personal Protection Account, to qualify for the 6%. Also, the investor gets another 20% on the benefit base. Essentially, the \$100,000 would buy the investor a \$120,000 an income base, generating almost 7.2% income.

"It is a way to accelerate income," Kluever said. "You get principal protection to start off with. We expect this to be popular."

A set of 10 equity models underpins The Hartford's new rider, comprised of large-cap domestic and international stocks.

The Safety Plus used to be a more common rider, but is increasingly hard to find in the annuity industry, said Ethan Young, the manager of annuity research at Commonwealth Financial Network.

"Investors do not necessarily want to pay for income for life, but they want the safety of principle," Young said. "This gives them some access to equity. It might give investors the fortitude to be in equities whereas they might otherwise be too risk averse."

The Future6 benefit at least, has a cost of about 85 basis points, which beats the typical industry cost for a similar product, 95 basis points.