

Blueprint Income Joins Mania for MYGAs Amid Rising Rates

By Cyril Tuohy October 12, 2018

Blueprint Income, an online insurance agency and relative newcomer to the annuity marketplace, is offering multi-year guaranteed annuities for the first time, seizing on the explosive growth of the products amid rising interest rates.

Sales of the annuity world's CD-like product rocketed up 27% to \$10 billion in the second quarter from a year earlier, according to industry tracker **Wink's Sales & Market Report**.

"People are thinking about the attractive yield on these products for the first time in a long time," said **Matthew Carey**, co-founder and CEO of Blueprint Income.

Blueprint Income features products from at least two dozen insurers. Each comes with a duration of between three and 10 years, after which funds can be rolled over into another annuity or the holder can annuitize the money.

Similar to bank certificates of deposit, the annuities pay a fixed rate for limited duration. Unlike bank CDs, they're not FDIC insured and yield higher interest, which makes them more attractive for many bank customers.

On Oct. 10, for example, a six-year multi-year guaranteed annuity from **Atlantic Coast Life** was paying 4% a year, according to immediateannuities.com, while a six-year CD from **Goldman Sachs Bank** offered 3% annually, according to bankrate.com.

The guaranteed annuities have also become more competitive compared to income annuities, Carey said. Income products typically feature higher yields because the money is locked down over a longer duration, but the yield curve has flattened, bringing down long-term rates.

Other online agents such as myga.direct also offer the multi-year guaranteed annuities directly to consumers.

Blueprint, based in New York, was launched in 2016 and initially only listed income annuities in the form of single premium immediate annuities and deferred income annuities. With the deferred product, the company also offers a way for people to create their own "personal pension" by saving for retirement through very small increments.

With the expansion into multi-year guaranteed annuities, Blueprint is providing more comprehensive services to their client base, noted **Tamiko Toland**, director of annuity research for the annuity pricing platform **Cannex USA**.

It makes sense for third-parties like Blueprint, which offers comparison tools, search functions and easy purchasing options, to take on the administrative and back office functions of the products because they've become commoditized. Traditional insurance agents have little incentive to sell them because they generate commissions of only about 2% to 3%.

"Most distribution channels don't make enough money on the commission to make it worth their while," Carey said.

The products may seem boring, but they're growing fast as interest rates climb higher. Short-term lending rates rose by 25 basis points last month, the third rate increase already this year, and many analysts expect the Federal Reserve to increase its key short-term benchmark lending rate once more before the end of the year.

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