



# NAFA<sup>®</sup>

NATIONAL ASSOCIATION FOR FIXED ANNUITIES

*Educate. Advocate. Integrate.*

July 9, 2019

To: Steve Forbes – Editor Forbes Magazine

Re: July 2, 2019 article by James Lange  
The Most Unlikely Insurance Salesmen: Meet the Rolling Stones

Dear Mr. Forbes,

As is so often the case these days, the lack of understanding about investment and retirement products is even confounding to “experts,” whose opinions are often further compromised by their specific agendas. Your contributor, James Lange, wrote a piece disparaging The Rolling Stones for allowing the The Alliance for Lifetime Income to sponsor their tour. If Mr. Lange, who wears multiple hats as a lawyer, CPA and financial advisor, was truly acting in a non-biased capacity, he might have explained that there is so much misinformation about annuities and clarified common misconceptions, instead of trying to push his own biased investment platform.

The public at large generally does not understand the difference between the various types of annuities, including variable, fixed, fixed index, immediate or deferred and all the combinations of these products. Mr. Lange wants to lump all of these products together and cherry pick the least advantageous feature of each type to try and argue that these products aren’t serving an individual’s needs. Nothing could be further from the truth.

People in the 50-plus age bracket understand the need for products that guarantee a lifetime income and secure a stable retirement income, a fact that is reflected in many surveys including TIAA, EBRI and, most recently, The National Institute on Retirement Security March 2019 survey. The Alliance for Lifetime Income likely chose this tour as an opportunity to educate consumers on their retirement income needs and the ability to receive a stable retirement income, as well as understanding of the risks associated with retirement like longevity and sequence of return.

Interestingly, Mr. Lange illustrates a strawman client with \$100,000 in investable assets and how they will be subject to “massive” fees and this is just simply not the case. Depending on the product mix and the client’s individual situation it would in all likelihood that the entire \$100,000 would be available for investment and potentially income for life in one of these annuity products. The fees would depend on the type of product and features the client might need and most likely would not be subtracted from the initial investment.

I would posit that Mr. Lange’s firm would not guarantee an income for life to this strawman client regardless if they lived until 75 or 105 years of age. In addition, I would also hazard a guess that Mr. Lange would not have accepted this individual strawman as a client because, according to his website, the minimum investment to get open an account with his firm is \$250,000. I don’t have any problem with this as it’s a good business practice to require minimums and understand that his minimum fees

are likely 1% regardless of the strawman client's account performance and without any guarantees of a lifetime of secure income for that client. Clearly, let's be open about advice as whether Mr. Lange has his CPA hat, lawyer hat or financial advisor hat; his advice is not free. We would all better serve our clients by understanding all the different products and financial needs based on their objectives and the individual clients' situation to help them enjoy and prosper in their retirement years.

I applaud The Rolling Stones and their tour sponsors The Alliance for Lifetime Income for helping people of all age groups understand the concepts of income issues during retirement and bringing awareness and education to these topics - regardless of the amount assets they have accumulated. You might not always get what you want, but you just might get what you need to retire well.

Respectfully,

A handwritten signature in black ink, appearing to read "C. DiVencenzo, Jr.", with a stylized flourish at the end.

Charles J. DiVencenzo, Jr.  
President & CEO  
NAFA, the National Association for Fixed Annuities