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## **Annuity Benefits and Robust Regulations Provide Thorough Consumer Protections**

### **NAFA Issues Statement Following Senator Warren's Request for Annuity Sales Information from Leading Insurance Carriers**

**WASHINGTON** (May 5, 2015) — *NAFA, the National Association of Fixed Annuities, issued the following statement in regards to the request for information Senator Elizabeth Warren (D-Mass.) sent to insurers regarding the sale of annuities:*

In today's unpredictable economic environment, consumers face a burgeoning responsibility for taking control of their financial future. Yet, one way they are successfully doing so is through the use of annuities in income and retirement planning.

Despite the need for thorough preparation, the 2015 Retirement Confidence Survey from the Employee Benefit Research Institute indicates that nearly half of workers (45 percent) have less than \$10,000 saved and only 22 percent of working Americans feel very confident about having enough money to live comfortably throughout their retirement years. To help address these issues, an increasing number of individuals and families are turning to insurance products and, specifically, annuities. A fixed annuity is the only product that allows individuals to accumulate retirement savings, protect those savings from market losses and guarantee income that lasts a lifetime.

In fact, during a Senate Finance Committee hearing held May 21, 2014, Stephen C. Goss, chief actuary of the Social Security Administration, stated, "If workers desire to have lifetime retirement income of 70 to 80 percent of earnings during their career, or near retirement, then they need to save more and purchase more life annuities."

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Just months after this statement was made, the U.S. Treasury Department issued its final rule regarding qualified longevity annuity contracts (QLACs). The long-awaited regulations underscore the Treasury's commitment to expanding access to this valuable type of longevity insurance in 401(k) plans as well as in individual retirement accounts (IRAs). As a result, clients looking to minimize their required distributions from qualified plans while simultaneously securing retirement income late in life are now able to use deferred income annuities (DIAs) to achieve these goals.

In addition to the unquestionable need for these products, a number of legislative and regulatory policies are in place to protect consumers as they evaluate and purchase annuities to help meet their financial goals. Life insurance companies are subject to comprehensive regulation, both at the state and federal levels, as they develop, advertise and sell annuity products. Meanwhile, agents and advisors must adhere to strong suitability standards, accuracy and truthfulness in advertising regulations, and product disclosure principles, while participating in continuing education and training courses both at the state and carrier levels. Additionally, NAFA is working with various state insurance departments to encourage the uniform adoption of the NAIC Annuity Suitability Model and the Iowa Licensing Requirements and Permitted Activities (Insurance) Bulletin 11-4 to generate an added layer of consumer protection in the already-robust regulatory arsenal.

Currently in most states, annuity contracts contain a "free look" period for consumers, allowing an annuity purchaser to terminate the contract without penalty if unsatisfied for any reason. However, research from the Insured Retirement Institute (IRI) indicates that the overwhelming majority of annuity owners (nine out of 10) are satisfied with their purchase. Research from LIMRA Secure Retirement Institute takes this one step further, noting that annuity ownership increases owner confidence in their retirement readiness.

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#### **About NAFA**

NAFA, the National Association for Fixed Annuities, is the premier trade association exclusively dedicated to fixed annuities. Our mission is to promote the awareness and understanding of fixed annuities. We educate annuity salespeople, regulators, legislators, journalists, and industry personnel about the value of fixed annuities and their benefits to consumers. NAFA's membership represents every aspect of the fixed annuity marketplace covering 85% of fixed annuities sold by independent agents, advisors and brokers. NAFA was founded in 1998. For more information, visit [www.nafa.com](http://www.nafa.com).