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NAFA Board Authorizes Action on Department of Labor Fiduciary Rule

WASHINGTON (Apr. 21, 2016) — NAFA, the National Association for Fixed Annuities, announced today that its Board of Directors authorized staff to consider all options for challenging the Department of Labor’s recently issued fiduciary rule, including efforts seeking legislative relief as well as possible litigation. In preparation for the rule’s release, the association formed a working group spearheaded by its legal team to conduct a thorough review and analysis of DOL’s new regulatory requirements. Now that the initial review is complete, NAFA is preparing to take action to ensure its members, American savers and small businesses across the country are protected from this unnecessary and unworkable overreach.

NAFA released the following statement on behalf of its Executive Director, Chip Anderson, to accompany the Board authorization.

“For the past year, NAFA worked diligently to provide constructive comments to the Department of Labor regarding its fiduciary rule. We were deeply concerned the proposed rule would not only harm businesses in all arms of fixed annuity distribution, but also hurt millions of Americans who rely on the financial advice and products provided by these businesses in order to successfully prepare for retirement.

“Unfortunately, after reviewing the more than one thousand pages of documentation and accompanying commentary that constitute this rule, it is clear DOL did not address our concerns in any meaningful way, and in fact made matters far worse by subjecting fixed indexed annuities to the onerous best interest contract exemption (BICE). While DOL would like everyone to

believe the rule has been improved to placate industry concerns, it appears the fundamental flaws of this rule remain, and treating fixed indexed annuities like securities products is completely objectionable.

“Based on our review, despite all the political spinning, it is evident DOL largely ignored the serious issues raised by NAFA and indeed disregarded concerns expressed by thousands of individuals, including members of Congress, financial services professionals, employers, and individual savers across the country, all of whom will feel the devastating long-term effects of this new rule.

“Given the rule’s far-reaching implications, and the hasty and arbitrary manner in which DOL suddenly threw fixed indexed annuities into BICE, NAFA is left with no choice but to explore any and all options available to fight this rule. Ultimately, we remain committed to our core position and will continue advocating for solutions — in any venue necessary and proper — that balance the need for appropriate consumer protection with the need for retirees and pre-retirees to access quality advice and products, including fixed annuities, that allow them to confidently secure their retirement future.”

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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.