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NAFA Pushes for Uniform Treatment of All Fixed Annuities in Response to DOL RFI

Comment Letter Homes in on Specific Problem of the Fiduciary Rule

WASHINGTON (Aug. 9, 2017) — In response to the U.S. Department of Labor's (DOL's) request for information (RFI) issued July 6, NAFA, the National Association for Fixed Annuities, submitted a comment letter outlining recommended revisions to the fiduciary rule and its prohibited transaction exemptions. Specifically, the letter provides the Department with rationale for expanding the scope of PTE 84-24 to cover fixed indexed annuities as well as fixed rate annuities.

NAFA argues that the decision to move fixed indexed annuities under the Best Interest Contract Exemption (BICE) reflects a fundamental misunderstanding by the Department regarding the features and mechanics of this particular type of fixed annuity. The letter further seeks to clarify the real-world effects of such a decision, which would include decimating companies throughout the fixed annuity distribution system while limiting access to crucial retirement savings options and the related personal retirement financial services Americans need to retire well.

"Since the release of the fiduciary rule in its final form, we have consistently advocated for the uniform treatment of all fixed annuity products by moving fixed indexed annuities back under PTE 84-24. This critical change is essential to protecting both our NAFA members, who represent all arms of fixed annuity distribution, as well as the millions of consumers who want and need a way to generate predictable income they cannot outlive in retirement. We hope that, as part of the Department's efforts to review and revise the rule as necessary 'to empower Americans to make their own financial decisions' and adequately save for lifetime expenses, our recommendation will finally be followed," said Chip Anderson, Executive Director of NAFA.

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The filing comes on the heels of NAFA's July 21 submittal of its first comment letter in response to the RFI, in which NAFA urged the Department to issue a minimum 12-month delay of the January 1, 2018 applicability date to complete its comprehensive examination of the potential adverse effects of the rule pursuant to the President's directive.

"With the fate of so many individuals and businesses in its hands, now is the time for the Department of Labor to really get it right," stated Anderson. "In addition to our recommendation to postpone the applicability date, we hope this round of our feedback, along with the comments submitted by our fellow trades, will push the DOL to step back and comprehensively examine the fiduciary rule's implications and make the necessary revisions that will protect the future of fixed annuity products for distributors and consumers alike."

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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.