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## **Secretary, Securities and Exchange Commission**

This letter is written regarding the Securities and Exchange Commission's proposed rule 151a that certain fixed-indexed annuities be regulated as securities. I believe that any measures necessary be taken to protect consumers from fraudulent sales practices. That being said, inappropriate sales practices concerning fixed-indexed annuities are already strenuously enforced through the National Association of Insurance Commissioners and their individual state regulators. Therefore, I do not support this action as an additional layer of regulation is unnecessary.

I have many clients who are pleased not to have lost value in their hard earned retirement portfolios by prudently diversifying a portion of their assets into fixed-indexed annuities. Many have watched in stunned dismay as the remainder of their portfolios still invested in actual securities including individual stocks and mutual funds continue to decrease in value.

Fixed-indexed annuities occupy a unique niche. A client seeking protection for their assets may position a portion of those assets in a bank product such as a Certificate of Deposit. They do so in part because they believe their money to be safe at and are willing to settle a minimum rate of interest credit.

On the other hand, a client seeking to produce maximum rates of return on an investment may purchase a mutual fund or individual stock, knowing that the rates of return may vary substantially and that the possibility of losing money is also present.

Situated somewhat between these points is the humble fixed-indexed annuity that provides for security of principal with the possibility of participating in market growth. No other insurance product offers this unique combination of opportunities. There are rules to be sure. I make it clear to my clients that fixed-indexed annuities have periods in which if the client attempts to withdraw funds prematurely, there will be a penalty assessed determined by the insurance company and fully disclosed prior to the time of sale.

If I am correct in understanding the definition of a security, than fixed- indexed annuities do meet the standard and should remain classified as an insurance product. With fixed-indexed annuities, the client does not bear true downside market risk as with mutual funds, individual stocks or types of market related instruments that do meet the definition of a true 'security'.

There are many other talking points as well. For example, the addition of another unnecessary layer of securities regulation on a product that is currently strongly regulated at the state level through the various state insurance departments, that not enough time has been given to properly examine the proposal and that the regulation itself may be ill-conceived.

Fixed-indexed annuities are an excellent choice for consumers who are adverse to losing money in a security yet want the potential to earn more than certificates of deposit. Let's take more time in evaluating any proposal that adds additional layers of regulation that may be at odds with Congressional intent concerning the exemption of annuities from securities law.

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