

Dear SEC:

We are very interested in your position on the regulation of indexed annuity and indexed life products. We are aware that the insurance industry wishes to maintain the unregistered status of such products.

We are writing in support of your oversight and regulation of these products. In our years as financial planners, we have seen much abuse in the annuity arena and feel it is most significant in the area of indexed annuities. Furthermore, we have heard dozens of pitches from agents, distributors, and insurance companies themselves. Every time, without fail, we have witnessed an indexed annuity presentation the seller makes reference to the stock or bond market based indices. On most occasions, we have even heard comments like “all of the upside of the market with none of the downside.”

The product is being sold like a security. The references to rates of return, although actually being paid from the insurance company, are always compared to a stock or bond market index. Investors in these indexed products believe that their investment is tied to the equity and bond markets, and truly think that they are invested in equity based products.

We would appreciate your oversight and regulation of these products. Agents who are not properly licensed to sell security products should be precluded from selling these indexed products.

This may be a separate issue, but we wonder why the use of group variable annuities, such as those common in 401K plans are not a registered product. In most states, the only license needed to sell a group variable annuity is an insurance license. This doesn't seem right either.

Sincerely,

John P. Napolitano
CEO & Chairman
U.S. Wealth Management, LLC

Dennis McCarron
President & CEO
U.S. Wealth Advisors, LLC