



Citizen Comment on SEC Proposed Ruling 151A

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I am writing my comments regarding the proposed SEC Rule 151A as a senior citizen and a satisfied owner of an indexed annuity. I contend that the many satisfied persons who have NOT had bad experiences are usually never heard from when dramatic changes such as these are proposed. I am writing because I believe it is important the voices of seniors, whom this rule is supposedly proposed to "protect", and current owners of indexed annuities, be taken into account when new rules and regulations such as these are put forth. These proposed rules will greatly change the ways in which these products are sold, the continued availability of these products and the companies that now offer them. Therefore they affect us. I want the fine company from whom I purchased my annuity to be around to service it.

It is my belief that these products truly meet the needs of many people. We who purchase them talk to our friends, families and acquaintances about them and more and more people are purchasing these products because they work. This in turn attracts the attention of persons who want to find out why there is so much interest in this product. Soon the product itself and those who sell it become "suspect". It is to be expected that the next course of action will be "protecting" those who purchase the product.

I would like to question whether it is of consequence to those persons intent on imposing proposed Rule 151A that not all senior citizens are taken advantage of by sales persons. There is no reason to limit access to these products by seniors by limiting their availability for purchase only through Broker Dealers and their registered representatives. Many seniors do not have or wish to own mutual funds and other security products. Many have insurance agents with whom they have had professional relationships for many years.

My reason for purchasing my equity indexed annuity was to provide a place to put a sum of money to use to provide an income stream for me throughout the remainder of my lifetime. I do not wish to annuitize this product and I want to have opportunity to earn a better interest rate than the low ones available through my banks. I am not investing in the stock market with my purchase of this indexed annuity; I am simply being afforded an opportunity to earn an interest rate which will be based each year on a percentage of the gain if any, of, in the case of my annuity, the Standard and Poor's Index 500 without considering any dividends. The value of my annuity will not be reduced if this Index fails to show any gain, so my principal is not at risk. Any gain my annuity may make this year will not be at risk next year. This is of great value to me and to many of my friends and acquaintances, also seniors.

There are not a lot of places to put my money which can afford me this kind of opportunity and safety. If I had invested in a variable annuity, as several of my friends have done, the value of that annuity would fluctuate greatly during these turbulent

markets. That is an unsettling prospect. If I had relied only on mutual funds as other friends and acquaintances have done, the same thing would be happening.

I realize a surrender charge would be imposed if I were to withdraw more than 10% of my annuity in any year. However, as you know, if I do not withdraw enough from my qualified account after I turn 70 ½ next spring, I will be penalized by IRS. My annuity is not qualified, but I understand if it were, I would be able to withdraw any amount required by IRS to satisfy my RMD without any penalty.

When I purchased my annuity, I was required to read, answer and certify many questions about my financial situation, my objective in purchasing this annuity and other items which I know were designed to assure I understood the product I was purchasing. How would that have been different if I had purchased my annuity from a brokerage firm instead of through an insurance agent? Would I have been more assured that this product was what I wanted to purchase? Would I have been "safer"; more "protected"? I think not.

My question is this: If I am not investing directly in a security, but only purchasing an annuity paying an interest rate calculated using a formula which takes into account the performance of a market index during a specific period of time, why must I, or any one else be required to purchase such a product from a stock broker or other FINRA registered representative or investment advisor? How is this way of determining an interest rate using the value or performance of a financial instrument, any different from the way banks use the Treasury Bill rate to determine interest rates on a loan or figure interest to be paid on an Indexed CD?

The government cannot protect us from everything. There are always going to be unscrupulous sales persons and buyers who claim "victimization" when it is to their advantage to do so. There are also always going to be people who seek out and exploit every conceivable way people can be "abused" and then make their living by championing the victim's "cause". The fact remains, we who want to take full responsibility for ourselves and our choices should not be limited by government agencies intent on limiting our choices in the guise of "protecting" us. There are "risks" and "rewards" in everything we do in life. Not all persons, seniors in particular, want to be "protected". We have lived long enough to know in that so-called "protection" there is inherent limitation.

It is important to honor the fact that not all Americans wish to relinquish their responsibility for their personal financial choices. How best to demonstrate this than to take this one step and discontinue pursuit of passage of SEC Rule 151A seeking to reclassify indexed annuities as securities?

Respectfully submitted,

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Senior Citizen and owner of an Indexed Annuity