



CORNERSTONE
RETIREMENT GROUP, INC.
Specializing in Estate and Retirement Planning



September 4, 2008

SEC Headquarters
100 F Street
Washington, DC 20549

Re: SEC Purposed Ruling 151A,
File Number S7-14-08

In response to your SEC purposed ruling 151A, I disagree for the following reasons:

- Indexed Annuities are fixed annuities that, like traditional declared rate fixed annuities, guarantee a minimum interest crediting rate and provide the opportunity to earn interest credits in excess of that guarantee. With a traditional fixed annuity, the crediting of excess interest depends upon the performance of the company's overall investment portfolio. Similarly, an indexed annuity provides the opportunity for excess interest credits based upon the measurement of an external stock or bond market index. While both products expose the consumer to fluctuating levels of annual excess interest credits, in both cases the consumer has no risk of loss or premium or prior credited interest (unless the policy is surrendered during the surrender period in which case a surrender charge may apply). The indexed product offers the consumer a strong minimum guarantee backed by the insurance company along with the opportunity to earn excess interest that is hopefully higher than traditional principal-protecting products.
- Both the design and sale of annuities are highly regulated by state insurance departments as are the companies who manufacture and sell them. State insurance regulations cover, among other things, suitability of insurance agent recommendations regarding annuities, annuity disclosure and advertising, agent licensing and training, unfair trade practices including misrepresentation of product terms and conditions, and enforcement of actions and penalties for non compliance with sales practices requirements. In addition, guaranteed minimum values for annuities are regulated through the Standard Nonforfeiture Law and are applicable to all fixed annuities.
- The securities regulation will add little benefit to consumer protection. Many states already adopted the NAIC Annuity Disclosure Model Regulation and most, if not all, of the major index annuity carriers have mandated the use of a disclosure statement or certificate describing all important terms and conditions of the annuity contract, including prominent disclosure of surrender charges. Many, if not all, major indexed annuity carriers conduct suitability reviews of

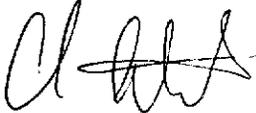
WWW.CORNERSTONERETIREMENT.COM
P: [775]853-9033 F: [775]853-9088
689 SIERRA ROSE DRIVE, SUITE A-2
RENO, NV 89511

all sales in all states. Suitability reviews required of brokers under FINRA rules would not add any meaningful protections over and above what is already being done.

- The guarantees provided by an indexed annuity offer consumers significant protection against investment risk. The DJIA has suffered a decline this year in excess of 20% from its October 2007 record, yet a fixed indexed annuity purchaser will not lose any principal due to such market performance, unlike a consumer of an equity security or a stock mutual fund, or a variable annuity. The annuity interest crediting formula protects the owner against loss due to drops in the index over the crediting period and while the guarantees provided certainly come at a price, this is fully disclosed to the purchaser.

On behalf of myself, my clients and the industry I strongly believe that Fixed Indexed Annuities are insurance products that protect our customer's retirement dollars, not a market risk security.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Abts", written in a cursive style.

Christopher K. Abts
President

CKA:sem