

November 17, 2014

Governor Nikki R. Haley
1205 Pendleton Street
Columbia, SC 29201

Dear Governor Haley,

The Coalition for Annuity Awareness has declared June as National Annuity Awareness Month. Formed by associations and companies working to help promote the understanding and awareness of annuities and ensure consumers can make informed decisions about their financial and retirement planning, the Coalition recognized the opportunity to create an awareness event in support of this important cause. The inaugural National Annuity Awareness Month, June 2014, was supported by the distribution of educational materials, webcasts, social media communications and other mediums by Coalition members in an effort to share the facts about annuities and the important role annuity products play in helping Americans save for retirement.

In today's unpredictable economic environment, consumers face a burgeoning responsibility for taking control of their financial future. Market volatility, the demise of traditional pensions, the uncertainty of government assistance programs like Social Security and rising life expectancies are all part of a growing challenge Americans face in planning successfully for retirement. Despite the need for thorough preparation, studies from the Employee Benefit Research Institute indicate that nearly half of workers have less than \$10,000 saved and only 18 percent of working Americans feel very confident about having enough money to live comfortably throughout their retirement years.

To help address these issues, an increasing number of individuals and families are turning to insurance products and, specifically, annuities. An annuity is the only product that allows individuals to accumulate retirement savings, protect those savings from market losses and guarantee income for life. According to Beacon Research, annuity sales totaled \$220.9 billion in 2013 alone, representing a 4.2 percent increase year over year. As consumers look for protection from outliving their assets, demand for these products is likely to remain strong.

A number of prominent political figures – including President Obama, numerous members of Congress and those appointed by the President to serve on the Middle Class Task Force – have shared their support for Americans using annuities as a strategy for accumulating tax-deferred savings while generating an income stream in retirement that lasts a lifetime. In fact, during a Senate Finance Committee hearing held May 21, 2014, Stephen C. Goss, chief actuary of the Social Security Administration, stated, “If workers desire to have lifetime retirement income of 70 to 80 percent of earnings during their career, or near retirement, then they need to save more and purchase more life annuities.” Additionally, these leaders point to the need for consumer access to tools and resources that can assist in the planning process while helping individuals achieve their long-term financial goals and secure their future.

For more than 15 years, NAFA, The National Association for Fixed Annuities, has been an organization exclusively dedicated to promoting the awareness and understanding of fixed annuities. As a Coalition member, NAFA would like to ask for your support in signing a proclamation to officially recognize Annuity Awareness Month in your state. Enclosed is a copy of the proposed proclamation, as well as two pieces that can be shared with your constituents: the Coalition's declaration of National Annuity Awareness Month and an overview of why "We Love Annuities." If there is any additional information we can provide to reinforce the importance of this initiative and how annuities can positively impact South Carolina residents, please don't hesitate to contact us. Thanks in advance for your support.

Sincerely,



Kim O'Brien
President & CEO

Enclosures:

Sample State Proclamation

National Annuity Awareness Month Declaration

WE LOVE ANNUITIES

ABOUT the Coalition for Annuity Awareness

The Coalition for Annuity Awareness is comprised of industry associations who serve consumers by helping them understand annuity products. As today's challenging economic environment continues to evolve, a growing number of individuals and families are turning to annuities to help provide security for their retirement. Specifically, many consumers are using annuities as a vital risk management tool to protect themselves against the possibility of outliving their financial resources. Annuities are unique among financial products in the marketplace because they can provide retirees with a guaranteed lifetime income stream.

Currently, there is over \$500 billion in-force premium serving roughly 3.3 million Americans. The annuity market is largely comprised of middle-class consumers with an average annuity valued at \$90,000^[1] and a household income of around \$100,000^[2]. In 2012, life insurance companies paid \$97 billion in annuity benefit payments providing crucial retirement security to contract holders^[3]. In addition, more than 75 million Americans rely on annuities and other insurance products for financial and retirement security, and nearly 20 percent of Americans' long-term savings is in life insurance and annuities.

[1] 2013 Beacon Research Report

[2] The Committee of Annuity Insurers, Survey of Owners of Individual Annuity Contracts (The Gallup Organization and Mathew Greenwald & Associates, 2013)

[3] The American Council of Life Insurers (ACLI)

PROCLAMATION RECOGNIZING AND SUPPORTING THE GOALS
AND IDEALS OF "ANNUITY AWARENESS MONTH"

Whereas annuities provide a safe alternative for individuals who want a predictable way to meet immediate, ongoing, and/or future financial obligations and objectives;

Whereas surveys consistently indicate that the vast majority of Americans are looking for a financial vehicle that provides the benefits annuities offer, specifically the ability to address the number one concern for people three to five years from retiring of running out of money during their retirement;

Whereas 87% of people surveyed don't completely understand what an annuity is or how it can work for them, the detriment of not including this type of product in retirement planning may result in financial hardship that could require working additional unplanned years, reducing one's standard of living in retirement, not being able to fulfill legacy goals, or requiring the means of family and friends for monetary support;

Whereas research shows that Boomers who own insured retirement products, including annuities, have a higher confidence in their overall retirement expectations, with nine out of 10 believing they are doing a good job preparing financially for retirement;

Whereas determining what kind of an annuity to buy and when to take income is one of the most important financial decisions consumers will ever make, individuals and families can benefit greatly from the expert advice of a qualified insurance or financial services professional;

Whereas the Coalition for Annuity Awareness representing hundreds of leading insurance companies and organizations have designated June as "National Annuity Awareness Month," whose goal is to educate consumers on annuity benefits, support them in considering annuities for meeting specific financial goals, and encourage them to seek professional advice for implementing annuities effectively in their accumulation, income and legacy planning.

NOW, THEREFORE, BE IT RESOLVED THAT: I (NAME OF GOVERNOR), of the state of _____, do hereby proclaim June as ANNUITY AWARENESS MONTH in (STATE) and do urge our citizens to learn more about annuities and their benefits.

IN WITNESS THEREOF, I have hereunto set my hand and cause the seal of the Executive Department to be affixed this _____ day of _____ in the year (YEAR).

JUNE IS NATIONAL ANNUITY AWARENESS MONTH

The Coalition for Annuity Awareness declares June as National Annuity Awareness Month!

The Coalition for Annuity Awareness (CAA) is comprised of industry associations who serve consumers by helping them understand annuity products.

About National Annuity Awareness Month

CAA has designated June as National Annuity Awareness Month to help educate Americans on the important role of annuities as part of a secure retirement savings plan. An array of educational resources and awareness tools will be available to help educate consumers. During National Annuity Awareness Month sponsors will circulate positive and accurate messages regarding annuities.



For more information about **National Annuity Awareness Month** and resources, visit **AnnuityEd.org**

We LOVE Fixed Annuities



If you own an annuity or want to buy one and are uncertain about negative advertising you may have seen, we urge you to contact your nearest consumer protection agency or visit www.naic.org for your free "Buyer's Guide to Fixed Annuities." Don't be scared into making a decision that may not be right for you.

Make sure the insurance company you are considering is financially sound. You can start your research at the insurance company's website or ask your annuity salesperson for more information. You also can review an insurance company's rating from one of the four main rating agencies: A.M. Best Company, Standard and Poor's Corporation, Moody's Investors Service, and Fitch Ratings. And, your state insurance department may have more information. Just visit www.NAIC.org and click on "States and Jurisdictions Map" to find your department's contact information.

You can also visit the following websites for factual information about fixed annuities:

www.annuityed.org

www.fixedannuityfacts.org

www.indexedannuityinsights.org

NAFA is dedicated exclusively to promoting the awareness and understanding of fixed annuities. NAFA was founded in 1998.



Contact an Insurance Professional for more information.

And, we're not alone¹...

85% say they like that annuities protect against losing money.

90% believe that annuities are an effective way to save for retirement.

93% still own the first annuity they purchased.

Here's why...

Insured Savings

Safety: Fixed annuities have no investment risk. They guarantee that the money in your annuity is safe from the financial market's ups and downs.

Certainty: Fixed annuities provide a variety of ways to receive income for life – and your income check is guaranteed no matter how long you live.

Protection: Fixed annuities protect both your premium and interest as your annuity grows AND the lifetime payments from your annuity throughout retirement.

Tax Deferral: Fixed annuities are tax deferred and the power of tax deferral helps to increase interest earnings.

Minimum Premiums: Fixed annuities allow you to save regularly with modest premium amounts.

Consumer Safeguards

- ▶ State laws and regulations require insurance companies to review the sale of fixed annuities before a contract is issued in order to determine the suitability of the recommendation based on an individual's financial situation and retirement goals.
- ▶ Fixed annuity contracts must have a "free look" period so that you can be certain you want to proceed with the purchase.
- ▶ Fixed annuity sales people must be specifically trained about the actual product before making a recommendation.

Industry Strength²

Life insurers provide the products that protect against life's uncertainties, helping individuals and families manage the financial risks of premature death, disability, long-term care, and outliving their savings.

Life insurers have paid out billions in insurance benefits, including \$97 billion in annuity payments – offering peace of mind to Americans when they need it most.

Life insurers are the single largest source of bond financing for American business, holding 17% of all U.S. corporate bonds.

¹ 2013 Survey of Owners of Individual Annuity Contracts, conducted by The Gallup Organization and Mathew Greenwald & Associates for The Committee of Annuity Insurers. The survey results include both fixed and variable annuities.

² The American Council of Life Insurers, "Facts about the U.S. Life Insurance Industry" (February 2014), available at www.ACLI.com/AboutACLI.