As a registered representative under securities laws I take an oath to put the clients best interest first. As a licensed insurance agent I am required to do the same. I agree with more regulation and/or disclosure of Equity Indexed Annuities (EIAs) for the buying public. I don't think the sales impact on the insurance industry or its agent's livelihood should over-rule the financial well-being and disclosure to the public who purchases these products.

Most all the EIAs I have seen have very complex convoluted point-to-point credits and participation rates and some contain 2 tiers of money that in reality severely limit a client's access to these funds. There is not a doubt in my mind that many agents selling these do not understand how they work. If they did and clearly explained this to the prospect the prospect would probably never purchase them in the first place.

These products are sold for big upfront commissions and in many cases the producer can earn trips and perks with no thought to the outcome in the future to the consumer. They are sold on emotion, smoke and mirrors and even deception. We have reviewed these with clients who bought them to show them how they can get their money out. They are alarmed when they find out they are stuck with a high surrender fee product for a very long time. When a person needs to take money out of the account side that has the credits or bonus they must annuitize the contract. Many of these companies pay only a 1% return on the investment money during the lifetime payout period. These products can cause financial ruin instead of financial safety, because of long surrender fees, minimal interest rate crediting and lousy annuitization payouts.

Unfortunately many agents don't care where the money comes from and are selling these to people using IRAs or 401k-rollover money. This is money that is supposed to be for their retirement. Utilizing investments like these should include advice from a licensed investment advisor to protect the public's best interest. The bottom-line is: "What is the publics perception of these"? They think they are buying an investment. Why would we think differently if they are putting all their retirement money into them? I am fine letting insurance agents sell fixed annuities, as those are fairly straightforward to explain.

When agents reference EIAs they tell prospects that they can participate in the market (SP500 or the NASDAQ indexes). This sounds like investment to the public. They can get the upside of the market (an investment), but have no downside risk or loss of principle when the market goes down.

If it sounds to good to be true, it probably is.

If it sounds like an investment to the Public and is sold like an investment to the Public then I believe it should be disclosed and regulated like an investment to the Public.