

Susan

I performed an initial analysis taking the annuity in lump sum form, as well as the installment method while making the assumption the tax liability created by the distributions would ultimately be passed through to the intended beneficiaries in form of a K-1. Two points I did not know is the marital status of you and your brother, and the percentages each beneficiary receives from the trust. For this initial run through I assumed both you and your brother file married, and each beneficiary has an equal share in the trust.

Lastly and probably as importantly, even though I know from our conversations you have already tried to push back on this unethical and arguable unsuitable sale to your father, I would try to push this issue one more time, and I'll explain why.

1. Once I received your last correspondence detailing the type of annuity your father had purchased is an equity index annuity whereby, the agent promise the moon and the stars and have been know to pray on the elderly. The SEC as well as state insurance boards has recently made this a focus of regulatory action.
2. **Your father was 78 years old when he purchased this contract, with a 15 year deferred sales charge. He would have to have been 93 years old to have 100% access to his funds. Totally inappropriate, unethical, and unsuitable.**
3. You as heirs will/have been harmed by this sale, as the only way to receive the full contract value is to annuitize the contract upon your father's death. With rare exception most annuities, waive any penalties. Also from my investigation National Western is an A- Company from AM Best, while a decent rating, not one of which is of the highest standard, i.e. there is some risk in taking the installment option.
4. Lastly, in April - March of this year Stone Phillips of Dateline went underground to review the sales practices, education, and viability of equity index annuities for the elderly, and his segment does not paint a very pretty picture. The web link for his report I have included in this e-mail.
<http://today.msnbc.msn.com/id/21134540/vp/24108012#24108012>

I will help you pursue which ever option you wish, and help in completing the paperwork. If you have any questions, I be in and out the next couple of days, and you may have a better chance catching me on my cell phone - 478-2259.

Dave