

Knowledge is Power

Has The Wool Been Pulled Over Your Eyes By An Annuity Salesperson

According to many dictionaries, the definition and meaning of the phrase ‘the wool being pulled over your eyes’ means that someone is trying to deceive you in order to trick you or to have an advantage over you. Unfortunately, this is happening right now in the investment and retirement-planning world by some licensed insurance agents selling annuities. Has this happened to you?

An annuity is a popular retirement tool. There are many types of annuities, and they can be a good and important part of a retirement plan in the proper circumstances. Of course, an annuity is not a proper fit for some people’s retirement plans. Unfortunately, since most annuities are a commissionable product, many insurance salespeople ‘sell’ annuities to people, just to make a sale, without regard to the proper circumstances and the client’s best interest. In that case, an annuity is being sold to a consumer instead of being utilized properly to fulfill a certain need or provide protection as a valuable tool inside a properly-structured retirement plan.

There are some ads currently being played on a very large and prominent central Indiana radio station by an annuity salesperson that is tricking many people into buying a certain annuity. These ads are falsifying information and enticing people to buy an annuity without all the real facts and true information. One of the ads goes something like this:

“How would you like to receive a 35% bonus on your money? You can receive this bonus with principal protection, tax-deferred growth, a death benefit, and options for a lifetime income. Does this sound too good to be true? It is not. Call us today at this number to take advantage of this limited time only offer. Call now before this special offer expires. That number again is...”

There are several issues here:

Issue #1 – The 35% bonus is not your money. That bonus is not added to your account value. It is added to a PIV (protected income value) account. This is a fictitious or phantom account that is only used to calculate an income payout at some point in the future.

Issue #2 – You have to wait 10 years before you can start taking that income payout. And that income payout is a certain percentage, based on your age at that time. For example, for this specific annuity product, that payout percentage is only 4.5% between the ages of 60 and 69.

Issue #3 – And the worst part is when you start taking that income, it is your money you are taking out of the contract, not any of the bonus money. You don't get to use any of the company bonus money unless you live a very long time and use up all of your money first. On average, it takes 20 years or more for someone to use up all their own money based on the percentage payout the company gives them when they turn the income on. And in most cases, a person never gets into the company money. So, in many cases, you pay a fee each year for this income guarantee and end up paying a lot of money in fees for nothing as you never get into the company's money, you never get any of the advertised 35% bonus money, and you tie your money up in a contract for no reason.

I have no idea how this ad cleared compliance and is being allowed to play on the airwaves. There is not even any type of disclaimer information that usually has to follow an advertisement of this type. This is causing many problems and hurting many people's retirement plans as they are not being told all the fine details before purchase. And once the annuity is purchased by people buying into the false bonus message, they are stuck with it for many years and cannot get all their money out of it without paying massive penalties until their surrender penalty period is up, which is usually between 10 and 15 years.

As the old adage and saying goes... 'if it sounds too good to be true, it usually is.' Join me this weekend on The Retirement Money Matters Show as we get into this issue in great detail and provide valuable information to you to help ensure you don't get 'the wool pulled over your eyes' and get sold an annuity you don't properly understand or that is not a proper fit for your retirement plan. I will also be sharing information on how to not let a stock market decline ruin your retirement plan. The show airs on Saturday afternoon at 4 on WFRN (93.7 FM), Sunday morning at 8 on WWKI (100.5 FM), or online at www.theretirementmoneymattersshow.com. You can also obtain this information by reaching out to us at Hayes Advisory Group at 765-452-PLAN (7526), 800-939-1603, or brian@hayesadvisorygroup.com.

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