**From:** Wayne Mehlman <WayneMehlman@acli.com>
**Subject:** Additional Industry Coalition Comments - Annuity Buyer's Guide

The joint trades would like to offer the following proposed edits to the most recent draft of the *Annuity Buyer's Guide* (dated 11/2/26) before the Working Group considers it for adoption on Monday. Thank you for your consideration and please let us know if you have any questions.

(1) Under **Types of Annuities**:

- For **Immediate Annuity**, the second sentence should begin with "*Income begins*" instead of "*Payments begin*", and end with ", *or the later of the two*".

- For **Deferred Income Annuity (DIA)**, in the first sentence, the phrase "*a lump sum premium payment (or multiple payments made within one year)*" should be changed to "*a single or multiple payments*".

- **Deferred Annuity** should be listed immediately before **Deferred Income Annuity (DIA)** since the term "*deferred annuity*" is referred to in the latter.

- For **Variable Annuity (VA)**, in the third sentence, the phrase "*some or all the*" should be deleted.

- For **Registered Index-Linked Annuity (RILA and ILVA)**, the second sentence, as it currently reads, is overbroad:

*A RILA/ILVA typically limits how much you can lose due to poor market index performance*.

This sentence implies that the buffer and floor protections in RILAs are always available, which generally is not accurate since those protections typically do not apply to withdrawals or surrenders for interim values (which are all such transactions other than when effective at the end of a term when those protections do apply). We, therefore, recommend that sentence be revised as follows:

*A RILA/ILVA typically limits how much you can lose due to poor market index performance, but those limits generally only apply at certain designated times.*

In addition, the word "*index*" should be changed to "*indices*" in the first sentence.

(2) The following paragraph on Page 2 should be edited as follows:

**How can you use an annuity to get income payments?**

Depending on the annuity contract, an annuity can provide income through a variety of payout options, including payments that continue for a specified period or for the rest of your life, a process commonly called annuitization. Some contracts There are annuity contracts that allow withdrawals without annuitizing your contract, but you should consider if the withdrawal amount will be sufficient to meet your income needs.

**DRAFT 11-2-2026**

**NAIC ANNUITY BUYER'S GUIDE**

**This guide is designed to introduce you to basic information about annuities. It is important to understand information about the annuity you are considering so you can make informed decisions about whether an annuity could fit into your financial plan. An annuity is a long-term contract issued by insurance companies and sold by licensed insurance agents. Not all insurance agents are licensed to sell all types of annuities.**

**UNDER STATE LAW, EVEN IF YOU'VE ALREADY BOUGHT YOUR ANNUITY, YOU MAY HAVE THE RIGHT TO CANCEL IT WITHIN A CERTAIN TIME PERIOD WITH NO PENALTY OR CHARGE. REFER TO THE FIRST PAGE OF YOUR ANNUITY CONTRACT FOR HOW TO CANCEL YOUR CONTRACT.**

**How might you use an annuity as part of your financial plan?**

- To avoid outliving your savings: An annuity can provide regular income payments over time by annuitizing the contract. An optional rider may offer lifetime withdrawals if added to the annuity contract. If this is the reason you might buy an annuity, ask when payments could start, if lifetime payments are an option, and the cost of any optional rider.
- To manage certain market risks: Some annuities guarantee a minimum return for a period of time no matter what happens in the financial market. Other annuities require that you take on investment risk if you want your account value to grow.
- To postpone paying federal income taxes on the growth of your annuity's value: You generally don't pay income tax on the growth from an annuity until you withdraw money, receive income payments after annuitization, or a benefit is otherwise distributed from your annuity. Tax-deferred does not necessarily mean tax-free, and how you are taxed depends on the source of the money used to buy the annuity, for example, an IRA, a qualified retirement plan, a Roth account, or money that has already been taxed.
- To plan for unexpected events: Some annuities let you buy extra benefits that could, for example, help you pay for long-term care or give you access to cash if you have a critical illness. These benefits (called riders) may increase the cost of your annuity.
- To leave money to beneficiaries: Some, but not all, annuities pay a death benefit to your beneficiaries.

**What are some things to consider before you buy an annuity?**

- You should consider your financial goals and evaluate how an annuity will fit into your financial plan to help you reach those goals, including comparing to other options.
- Most annuities have a surrender charge period. If you withdraw more than the annuity contract allows (typically 5% - 10% annually) or cash out your annuity during that period, you may pay a surrender charge.
- Depending on the type of annuity that you buy, fees, charges, or adjustments may reduce your annuity's value or limit how much it grows.
- Some annuities are intended to provide income payments over time and some of these features come with a cost. If you're considering an annuity because you may want future

income payments, ask questions about the annuity's features, benefits, and costs to better understand how you can use it to meet your goals.

- If you choose to convert your annuity into a stream of scheduled income payments (referred to as annuitizing the contract), you generally can't withdraw the remaining account value later as a lump sum or change your income payment amounts.
- Some annuities include optional features, guarantees, or riders that have an additional cost. Before buying an annuity, you should consider that cost and think about how likely you are to use those features, whether it is worthwhile to pay the extra cost, and what impact the extra cost may have on the annuity's account value growth.

**How can you use an annuity to get income payments?**
Depending on the annuity contract, an annuity can provide income through a variety of payout options, including payments that continue for a specified period or for the rest of your life, a process commonly called annuitization. ~~Some contracts~~There are annuity contracts that allow withdrawals without annuitizing your contract, but you should consider if the withdrawal amount will be sufficient to meet your income needs.

**TYPES OF ANNUITIES**
**Immediate Annuity:** An immediate annuity is an insurance contract where you make a single payment or multiple payments in exchange for guaranteed, ongoing income. ~~Payments~~ Income begins soon after the annuity contract purchase and continue for your lifetime or for a set period, or the later of the two~~.~~

**Deferred Annuity:** A deferred annuity is an insurance contract in which you pay money into the contract and the annuity may grow in value over time. Income payments (also may be referred to as annuitization) begin at a later date, should you choose to take payments.

**Deferred Income Annuity (DIA)**: A DIA is a deferred annuity funded by a ~~lump-sum premium payment (or multiple payments made within one year)~~a single or multiple payments in exchange for a guaranteed stream of income that starts in the future usually at a specific age or after a number of years you designate.

*With both immediate annuities and DIAs, you generally cannot access your funds outside of the scheduled income payments and those payments continue for the rest of your life or the specified period.*

~~**Deferred Annuity:** A deferred annuity is an insurance contract in which you pay money into the contract and the annuity may grow in value over time. Income payments (also may be referred to as annuitization) begin at a later date, should you choose to take payments.~~

**Fixed Annuity (FA and MYGA):** A FA and a multi-year guaranteed annuity (MYGA) are deferred annuities that grow at a guaranteed interest rate the insurer sets. Your annuity contract will

state how long the interest rate is guaranteed. A MYGA is a type of fixed deferred annuity contract with a guaranteed interest rate for an initial multi-year period.

**Fixed Indexed Annuity (FIA):** A FIA is a deferred annuity that protects your principal while crediting interest based, in part, on the performance of one or more market index. It is important to understand that a FIA is an insurance product, not an investment in a market index. A FIA protects you from investment risk associated with financial markets, but your annuity's value may not grow as much as the market or as much as other types of annuities, particularly where you assume investment risk.

**Variable Annuity (VA)**: A VA is a type of deferred annuity where your money is invested in subaccounts (funds of stocks, bonds, or money markets) and the value of your annuity changes based on the performance of the subaccounts. Because your money is invested in the financial markets, there is higher potential for growth compared to fixed and fixed indexed annuities. However, because your returns depend on the financial markets, your annuity value can fall, and you can lose ~~some or all~~ the money you put into the annuity. Not all insurance agents can offer you this type of annuity, these products can only be sold to you by an insurance agent licensed to sell securities.

**Registered Index-Linked Annuity (RILA and ILVA)**: A RILA, also called an indexed-linked variable annuity (ILVA), is a type of deferred annuity that will credit interest based on the performance of one or more market indexes, so you can lose money because of the index performance. A RILA/ILVA typically limits how much you can lose due to poor market index performance, but those limits generally only apply at certain designated times. Because you can lose money when a market index performance is poor, a RILA/ILVA is considered an investment similar to variable annuities. Not all insurance agents can offer you this type of annuity, these products can only be sold to you by an insurance agent licensed to sell securities.

**When can you access your account value?**
**Annuities can limit your access to your money.** If you purchase a SPIA or DIA, or annuitize a deferred annuity, you typically can no longer withdraw the account value as a lump sum. Instead, you receive income payments as described in your annuity contract.

Most deferred annuities have a surrender charge period, often 5 to 10 years, sometimes longer. You may be able to withdraw a portion of your cash value each year without a surrender charge, but charges may apply if you withdraw more than the annuity contract allows, typically 5% - 10% annually. Before you buy, make sure you understand when and how you can access your money and what charges may apply.

**Can you replace an annuity with another annuity?**
Yes. An annuity replacement is a transaction where you use the value of an existing annuity to buy a new annuity. A replacement may involve surrendering your current annuity or transferring all or part of your annuity's value to a new annuity. Replacing an annuity requires careful consideration. Your insurance agent should provide a comparison of your existing annuity and

the proposed replacement annuity. If you replace your annuity during the surrender charge period, you may pay surrender charges. Even if your existing annuity is no longer subject to surrender charges, a new annuity will generally begin a new surrender charge period. You may also lose benefits, guarantees, or other features available under your existing annuity contract.

**How is my insurance agent paid to sell me an annuity?**
Insurance companies typically pay insurance agents a commission for selling an annuity. The commission is generally based on a percentage of your premium payment. You can ask how much the insurance agent expects to be paid by selling you any annuity. The insurance agent is required to act in your best interest and help you understand why any recommended annuity fits your financial needs.

**How can I see how my annuity will work?**
Your insurance agent may show you an annuity illustration, which is designed to help you understand how your annuity value might grow and demonstrate insurance features of the annuity. An annuity illustration is based on certain assumptions. **Illustrations are not promises or guarantees about how your annuity value will grow, if at all.** Ask your insurance agent which illustrated values are guaranteed and which are hypothetical.

**After you buy an annuity**
*Read your annuity contract carefully.* After you carefully read your annuity contract, you should be able to answer the following important questions:

- Is your personal information correct?
- Did you name a beneficiary?
- Do you understand what parts of the annuity contract are guaranteed and what parts can change?
- How may your annuity grow in value? Are there any features, costs, or benefits in the annuity contract that you expected to see but are missing, or any that you did not expect or do not understand?

Your insurance agent can help you understand anything that isn't clear in your annuity contract.

If you're not satisfied with your annuity contract, you can typically return it for a full refund within a certain period, usually 10 days, after you receive your annuity contract. The review period is stated on the first page of the annuity contract.

**If you decide the annuity meets your financial needs, keep your annuity contract in a safe place where you can easily find it when needed. Review the annuity contract periodically and, if the annuity includes a death benefit, make sure your beneficiaries know how to access the annuity contract, or the information they may need.**

**Drafting Note: ADD LINK AND QR CODE TO ACCESS NAIC ANNUITY LONG GUIDE**