

VIA email: [jcook@naic.org](mailto:jcook@naic.org)

April 16, 2026

RE: NAIC Annuity Buyer's Guide (A) Working Group's Proposed First Draft Revisions to the NAIC Buyer's Guide to Deferred Annuities

To Chair Van Buren and members of the NAIC Annuity Buyer's Guide (A) Working Group:

On behalf of the National Association for Fixed Annuities (NAFA),<sup>1</sup> thank you for the opportunity to provide our comments regarding the Working Group's proposed first draft revisions to the current NAIC Buyer's Guide for Deferred Annuities (the "Draft Guide").

It has been more than a dozen years since the NAIC Disclosure Model (A) Working Group revised the Annuity Buyer's Guide, which under the NAIC's Annuity Disclosure Model Regulation (#245) must be presented to a purchaser of an annuity "at or before the time of application" for the annuity contract.<sup>2</sup> At the time, NAFA worked closely with the NAIC Disclosure Model Working Group in addressing its charge to create a consumer-friendly, easy-to-read guide so that prospective buyers might better understand the functions and features of the two types of deferred annuities: fixed and variable.<sup>3</sup> We look forward, once again, to collaborating with your working group – as well as with our industry colleagues,

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<sup>1</sup>NAFA was founded in 1998 as an industry association dedicated to promoting the awareness and understanding of fixed annuities and to educating regulators, legislators, consumers, members of the media, and industry personnel about fixed annuities and their benefits to retirees and those planning retirement. Our membership includes insurance companies, insurance intermediaries (i.e., independent and field marketing organizations), general agencies, and producers, advisors, brokers, and general agents, representing all aspects of the fixed annuity marketplace and multiple channels of distribution.

<sup>2</sup> We note that delivery of the Buyer's Guide at or before the time of application applies where the application for the annuity contract is taken during an in-person meeting; when the application is taken by other means, the applicant must receive the Buyer's Guide no later than five (5) business days after the completed application is received by the insurer. In either case, the provision of the Buyer's Guide generally occurs after the consumer has made the decision to purchase an annuity.

<sup>3</sup> Eventually, three Guides were created: one for deferred annuities generally (reflecting both variable and fixed deferred annuities – the "combination guide"); one for fixed deferred annuities; and one for variable deferred annuities. The NAIC adopted these revised Guides in August 2013. *Does the Working Group intend to also revise the two other guides: Deferred Annuities – Fixed and Deferred Annuities – Variable?*

other state regulators, and interested parties and stakeholders – as you thoughtfully consider revisions that might be necessary to the current guide.<sup>4</sup>

There have been significant changes in the annuity marketplace since the Buyer’s Guide for Deferred Annuities was last revised in 2013, most notably the growing market share of Registered Index-Linked Annuities (RILAs). As a relatively “new” addition to the family of deferred annuities, RILAs were not included in the 2013 version of the Guide, so it is understandable that the Guide should be amended to include these products. However, despite these changes, NAFA urges the working group to hew to the purpose behind the Guide, which is to provide annuity buyers with consumer-friendly, easy-to-read information so that they may better understand the features and functions of deferred annuities.

You have asked for feedback on the Draft Guide’s clarity, tone, and organization, as well as whether the Draft Guide effectively addresses key consumer risks and decision points. You have also asked whether other materials might potentially be incorporated into the Guide and suggest two examples: Appendix A from the NAIC Suitability in Annuity Transactions Model Regulation (#275, the best interest model) and a checklist of annuity questions from the Florida Office of Insurance Regulation Annuity Guide. NAFA intends to provide general feedback on these inquiries in this comment letter. As a supplement to this letter, we are also providing some suggested edits to the Draft Guide in the attached redline document. We also share for your consideration a [Consumer Profile Information Intake Questionnaire](#) that NAFA created as part of a Best Interest Best Practices Guide for annuity professionals to assist them in obtaining such information from the consumer prior to their recommendation of an annuity.<sup>5</sup>

### **Clarity, Tone, and Organization of the Draft Guide**

As an initial observation, we are concerned about the generally negative tone and tenor of the Draft Guide, particularly as compared to the current guide. Each of the three

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<sup>4</sup> As a threshold matter, NAFA endorses and supports the written comment submitted by the coalition of the Insured Retirement Institute, the American Council of Life Insurers, and the Committee of Annuity Insurers. Nevertheless, we wish to separately submit this written comment and our corresponding redline to the draft Guide, in which we propose some edits for your consideration.

<sup>5</sup> We are not suggesting that this document be included in a revised guide; rather we are sharing this as a possible source of information in the drafting process.

current Buyer's Guides are educational tools intended to help a prospective annuitant evaluate and better understand the annuity for which they have likely already filled out a contract application. In that regard, the annuity salesperson, in compliance with the best interest standard, will have satisfied her care obligation and will have communicated the basis or bases for the annuity recommendation, including why the recommended annuity effectively addresses the client's financial situation, needs, and objectives, as well as the costs, rates, benefits, and features of the recommended product. Accordingly, the information in the Buyer's Guide augments this individualized financial assistance provided by the annuity professional.

For example, in the current guide, it states:

An annuity is a contract with an insurance company. All annuities have one feature in common, and it makes annuities different from other financial products. *With an annuity, the insurance company promises to pay you income on a regular basis for a period of time you choose – including the rest of your life.*

The narrative tone is considerably harsher in the introduction to the Draft Guide:

Annuities are complex, long-term insurance contracts that can involve significant fees. They are designed to protect against you outliving your assets. If you surrender an annuity, you may pay surrender charges and taxes. Failing to understand the terms of your annuity can lead to financial loss.

There are numerous similar examples of this (we would argue, unnecessarily) negative framing in the Draft Guide, as reflected in our suggested redline. While the Buyer's Guide should not cheerlead for annuities, neither should it discourage individuals from utilizing annuities as part of their retirement planning.

In terms of the organization and clarity of the Draft Guide, it is challenging to get a true sense of what the current Word document might look like once finalized stylistically: pulling some of the material into boxes, making changes to font size and color, etc. will certainly help create a more consumer-friendly, easy-to-read educational resource. That said, there are a lot of questions throughout the Draft Guide: what the agent should ask, an "Ask About" section for each of the four categories of deferred annuities and for the section on long-term care riders, and the "Questions You Should Ask" section near the end of the guide.

Many of the questions in the “Ask About” section are duplicative, which of course they must be as they are relevant across various types of deferred annuities. Perhaps there is a way to reorganize the questions? Again, it might help with readability and clarity once the guide is finalized, but it may be worth considering the approach taken by the Florida Office of Insurance Regulation in its annuity guide, which groups together a series of more broadly applicable FAQs, along with the *Questions You Should Ask Your Agent or the Company* (p. 16) and the questions included in Annuities Purchases Checklist.

Similarly, we find the way that the Florida guide organizes the “Common Annuity Product Provisions” and “Frequently Used Terms” to be helpful in presenting this information to a consumer.

A final note on the Draft Guide’s organizational structure: We would suggest that the section on Fixed/Multi-Year Guaranteed Annuities be changed to reflect only Fixed Deferred Annuities (or, in the alternative Fixed Rate Annuities). Multi-Year Guaranteed Annuities (MYGAs) are a subcategory of Fixed Annuities; all MYGAs are FAs, but not all FAs are MYGAs. Combining them as one category type may confuse consumers who are purchasing a traditional, longer-term fixed deferred annuity. Suggested edits reflecting this are included in the NAFA redline.

### **Does the Draft Guide Effectively Address Key Consumer Risks and Decision Points?**

Regarding whether the Draft Guide effectively addresses consumer risks and decision points for the consumer, the guide is generally provided to the consumer *after* he or she has made the decision to apply for – that is, decided to purchase – the annuity. (In the case where the application for the annuity contract is taken by means other than in a face-to-face meeting, the guide is actually received well after the consumer completes the application.) The best interest standard of conduct requires the annuity salesperson to inform the consumer about the various features of the annuity, including the surrender period and charges, potential tax implications, fees, features and potential charges for riders or other options of the annuity, limitations on interest returns, potential changes in non-guaranteed elements of the annuity, insurance and investment components, and market risk before the recommendation of an annuity is made.

At the time the consumer receives the guide, the annuity salesperson has already provided guidance and assistance pursuant to the robust requirements of the best interest

standard, and the decision whether to purchase a traditional fixed annuity, an FIA, a RILA, or a variable annuity has already been made. When the guide is used under these circumstances, its purpose as a resource for making different decisions is diminished. Nevertheless, a consumer might use the guide to consider potential risks and to reflect on the decision to purchase the annuity during the free-look period.

It bears noting that the last time the Buyer's Guide was amended in 2013, MDL #275 had not yet been revised to require a best interest standard of conduct for annuity transactions. Today, ensuring that consumers are informed about an annuity product's costs, benefits, features, and potential risks and limitations before the decision is made to purchase an annuity is required by regulation or law in all 50 states.

### **Should Other Materials be Incorporated into the Draft Guide?**

Pursuant to the disclosure obligation under NAIC Model Regulation #275, prior to the recommendation or sale of an annuity the annuity salesperson must disclose to the consumer information on a form substantially similar to Appendix A, and the consumer and annuity salesperson must sign the form. Accordingly, it seems unnecessary and redundant to incorporate Appendix A into the Buyer's Guide. Both the current guide and the Draft Guide address commissions and the consumer's right to request additional information about compensation, and the model regulation requires a producer, if asked, to disclose a reasonable estimate of the amount of cash compensation to be received, as well as the frequency or occurrence of the cash compensation. We don't believe that including Appendix A in the guide would improve consumer understanding or usability of the guide.

Regarding the Annuities Purchase Checklist contained in the Florida Office of Regulation's annuity guide, that could be a starting point for a similar checklist for a consumer to utilize, and some of the general contact information included in MDL 275's Appendix A might be incorporated. In any case, creating a checklist or other supporting material could be included as you consider the contours of a revised guide.

### **Conclusion**

Americans are faced with myriad challenges in planning for a financially secure retirement. Annuities help address the gaps created by today's economic uncertainty, the demise of traditional pensions, and the unreliability of Social Security. Annuities are

designed by life insurance companies to protect and grow retirement savings, mitigate longevity risk, and address income and legacy planning needs. Yet there is clearly a need for increased annuity education, and the Annuity Buyer's Guide is a critical component of that education and awareness. NAFA appreciates the efforts of the Working Group in reviewing and revising this very important resource to better reflect today's annuity marketplace.

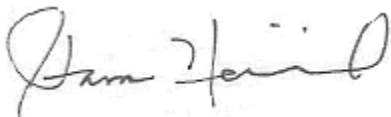
As noted previously, NAFA supports the IRI/ACLI/CAI coalition letter. In particular, we strongly endorse the Coalition's suggestion to provide a forum for stakeholders to better understand the Working Group's review process and the reasons behind the changes to the format of and language in the current Buyer's Guide.

The draft Guide proposes significant and substantive changes to the current version, and a structured, section-by-section discussion of the draft would assist the Working Group in its charge to review and revise the current guide. During the nearly three-year-long process to revise Model Regulation #275 before its adoption in 2020, industry representatives and personnel, consumer advocates, and regulators worked collaboratively with the Annuity Suitability (A) Working Group, resulting in a final version of the model regulation that had buy-in across the multiple stakeholder groups. Arguably, that careful process and its resulting outcome is why 49 states have adopted the best interest standard. We would respectfully encourage the Working Group to adopt a similar approach here.

Thank you in advance for your consideration of these comments.

Please let me know if you should have any questions or if NAFA could be of any service.

Sincerely,



Pam Heinrich  
VP and Chief Legal Officer, National Association for Fixed Annuities  
414-333-0148  
[pam@nafa.com](mailto:pam@nafa.com)