
Five Questions to Ask about an Annuity Issuer

By Editorial Staff Thu, Nov 7, 2019

'I recommend that an adviser develop his or her own criteria and put together a template, similar to an RFP, with questions to have answered when considering an annuity issuer,' said Louis Harvey of Dalbar.

We asked Louis Harvey, president and CEO of [DALBAR](#), the financial services research firm, what advisers should think about when choosing an annuity issuer. Here's what he said:

"There are five areas we think of as the important for providers of retail annuity products. The first area concerns the product itself; its construction and restrictions and so forth. That information is readily available online. The second area involves investment management. That can be harder to find, because sometimes the insurance companies use outside asset managers. That adds more complexity than if you're dealing directly with an investment company.



Louis Harvey

"The third area is the company's communications. Do they talk to advisers and investors in plain English? Is the information easily digestible? As an advisor, you don't want to think, 'What the heck is this?' when you try to read a letter from a carrier.

"The next thing we look at is service. Are they available to answer questions? Are they accessible via a phone center or website. One key issue in that process is surrenders. Do they tell you that a surrender will cost your client \$5,000 or do they make you figure it out for yourself? Those are the five key areas that we examine in our reviews.

“I recommend that an adviser develop his or her own criteria and put together a template, similar to an RFP [request for proposal], with questions to have answered when considering an annuity issuer. The first order of business is: Does the insurer have the product that you need? If you’re looking for lifetime income, you’ve narrowed the field.

If you’re cost sensitive, you can set cost limits. Then you have a product checklist: Does your product have income riders, principal guarantees, or an inflation adjustment, for example. While this template would be for the private use of the adviser, it could also offer tremendous protection against litigation or regulation.”

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