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## Life insurers hurt themselves, reader says

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By No Author    Wed, Apr 8, 2020

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*'It's hard to imagine a multi-trillion dollar industry that has done more to neuter its own influence over national economic policy,' writes David Macchia (in photo), CEO of Wealth2k, Inc., in a letter to Retirement Income Journal.*

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Dear RIJ editor:

Thank you for your excellent April 2 article, "[\*\*The 'Fed Put' Hurts Annuities—and Retirees\*\*](#)") While I understand that it may be tempting to blame Trump, and perhaps Powell caved, in reality the plight of life insurers is due more to what's been a decades-long inability or unwillingness on the part of that industry to communicate its inherent (and unmatched) advantages.

It's hard to imagine a multi-trillion dollar industry that has done more to neuter its own influence over national economic policy.

Early in my career, insurers largely controlled the business of pensions. But what happened? The insurers ceded that business and much of their influence to the asset managers, an industry that was infinitely better at "selling" its story.

Aside from the fact that, decades ago, workers weren't given a balanced explanation of the trade-offs between traditional pensions and 401(k) plans, how else can one explain the mass-transfer of risk from insurers' balance sheets to retirees' personal balance sheets?

How did we go from a retirement security paradigm that featured quantifiable, guaranteed retirement income to one that guarantees no retirement income at all?

Blame the insurance industry itself for losing its preeminence. Blame its many years of pushing opaque and overly complicated products. Blame the annuity compensation structures that gave rise to and then institutionalized low agent productivity. Blame ineffective client-facing communications. Blame many years of insurer management teams looking the other way in the face of distributors' poor market conduct.

This is how you give rise to a Ken Fisher who absurdly proclaims, "I Hate Annuities and You should Too!" Not for a moment, I'd wager, would Fisher let his home(s) go uninsured. Nor

drive to work without insuring his car. Yet he proudly condemns what virtually no retiree should fail to secure: income insurance. Blame not Fisher—or Trump. Blame an industry that never learned how to communicate its value.

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