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## Annuity providers 'C' problem

By Lisa Shidler

May 15, 2006

Advisers grade themselves poorly when it comes to explaining annuity products to consumers.

In fact, 48% of advisors assigned themselves a "C" in that department, according to a study released today by New York Life Insurance Company.

However, 57% of the advisers in the study gave annuity providers a grade of "B" or better for their annuity education programs for financial professionals.

Eighty percent of advisers said that better adviser education would be an important factor in enabling them to sell more annuities for retirement income purposes.

"No one is suggesting it's the only way to provide lifetime income, but the income annuity must be an essential tool in every advisor's kit," said Chris Blunt, executive vice president of the New York-based New York Life Investment Management in a statement.

"The challenge, particularly in the adviser channel, has been that the annuitization concept - the delivery of client assets to a third party for an income guarantee - runs counter to the industry's traditional business model, which has been focused on asset accumulation and fee-based management," he said.

Meanwhile, 87% of advisers agreed that the use of annuities for generating lifetime income will increase in the years to come.

Insurance agents reported the highest use of income annuities with 57 %, saying they use them very often.

Twenty-four percent of wirehouse brokers use them very often.

Twenty-eight percent say they never use income generating annuities.

The survey examined knowledge, attitudes and behaviors of 1,002 financial decision makers aged 41 and older and the study also examined 401 advisers about retirement and insurance planning.

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