Tips for protecting yourself

When it comes to annuities, inappropriate sales practices can occur in many ways and come from a variety of sources. Here are a few ways to protect yourself:

- Review the contract before you buy an annuity. Terms and conditions of each annuity contract will vary.
- Ask your agent or the company for an explanation of anything you don't understand.
- Insist on a complete listing of all fees and commissions before buying any kind of investment product.
- Compare information for similar contracts from several companies before you sign.
- Contact the Oregon Insurance Division to verify that the company and agent are licensed to sell insurance in Oregon.
- Check the company's credit rating. Legitimate insurers have their "creditworthiness" rated by independent agencies such as Standard & Poor's, A. M. Best Co., or Moody's Investors Services. An "A+++" or "AAA" rating is a sign of a company's strong financial stability. Check a company's rating online or at your local library.
- Keep good records. Get all rate quotes and key information in writing. Keep a copy of all paperwork you complete and sign, as well as any correspondence, special offers, and payment receipts.

Avoid being fooled by deceptive sales practices

- **High-pressure sales pitch.** If a particular group or agent has contacted you repeatedly, offering a "limited time" deal that makes you uncomfortable or aggravated, trust your instincts and steer clear.
- **Quick-change tactics.** Skilled scam artists will try to prey on your "time fears." They may try to convince you to change coverage quickly without giving you the opportunity to do adequate research.
- **Unwilling or unable to prove credibility.** A licensed agent will be more than willing to show adequate credentials.

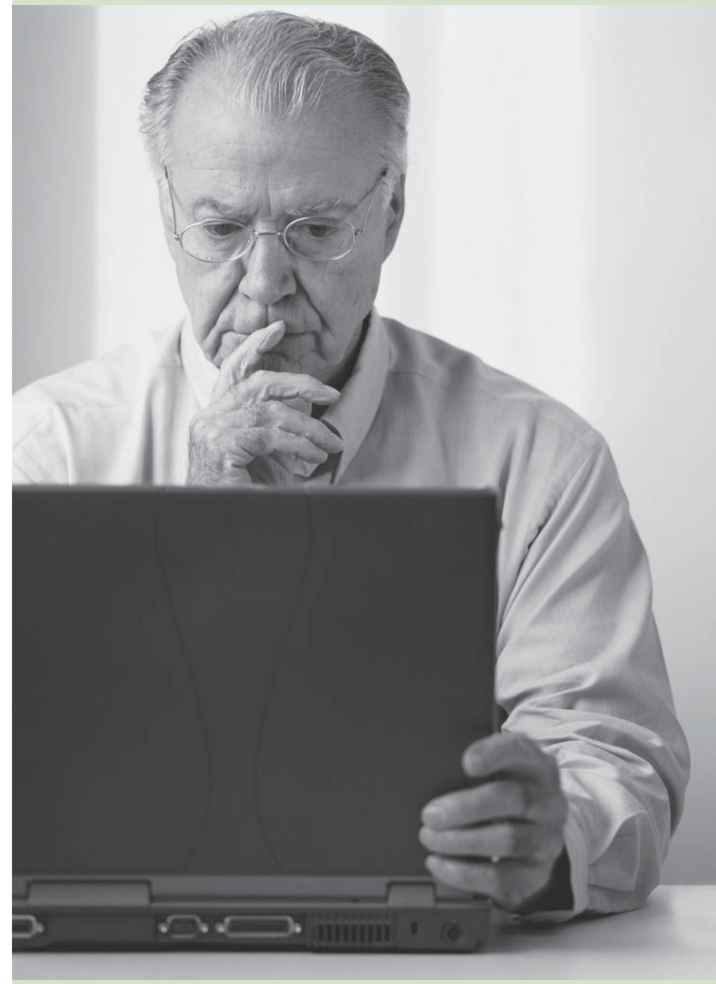
Remember, if it seems too good to be true, it probably is! If you suspect you've been a victim of deceptive sales practices, or if you have a question and can't get the answers you need from an agent or the insurance company, contact the Department of Consumer and Business Services for free assistance.

Department of Consumer & Business Services
Consumer Advocacy Unit

(888) 877-4894 toll-free
(503) 947-7984 in Salem
(503) 947-7280 TTY
dcbs.oregon.gov

440-3494 (10/07/COM)

Consumer Alert:
Suitable Annuities for Senior Citizens



S·A·F·E
Senior and Family Education on Insurance and Financial Issues

Department of Consumer & Business Services

Annuity sales to senior citizens have increased significantly in recent years. However, as annuity sales have risen, so has a sense of confusion among consumers. This is due, in part, to questionable or deceptive sales practices by insurance companies and agents looking to take advantage of consumers. When considering buying an annuity, it's important to take precautions and arm yourself with information so you can make the best decision.

What is an annuity?

An annuity is a contract in which an insurance company pays you income at regular intervals in return for premium payments. Annuities are most often bought for retirement and can pay a guaranteed income as long as you live.

What are the different kinds of annuities?

There are several types of annuities, which carry varying levels of risk and guarantees. To get the most out of an annuity, it is important to know the options available and the benefits each type provides.

- **Single Premium Annuity:** An annuity in which you pay the insurance company only one premium payment.
- **Multiple Premium Annuity:** An annuity in which you pay the insurance company multiple premium payments.
- **Immediate Annuity:** An annuity in which you begin to receive income payments no later than one year after you pay the premium.
- **Deferred Annuity:** An annuity in which you begin to receive income payments many years later.
- **Fixed Annuity:** An annuity in which your money, less any applicable charges, earns interest at rates determined by the insurance company or in a way specified in the annuity contract.
- **Variable Annuity:** An annuity in which the insurance company invests your money, less any applicable charges, into a separate account based upon the risk you want to take. The money can be invested in stocks, bonds, or other investments. If the fund does not do well, you may lose some or all of your investment.
- **Equity-Indexed Annuity:** A variation of a fixed annuity in which the interest rate is based on an outside index, such as a stock market index. The annuity pays a base return, but it may be higher if the index increases.

Is an annuity right for you?

To find out if an annuity is right for you, think about your financial goals. Analyze how much money you are willing to invest and how much risk you are willing to take.

Oregon law prohibits sellers from recommending the sale or replacement of annuities unless they make a reasonable inquiry about your insurance objectives, financial situation and needs, age, and other relevant information.

Be aware that annuities are not liquid and may tie up your money for several years. If you get out of an annuity in the first few years, the surrender charges and penalties may cause you to lose a significant portion of your investment.

Also, the commission a salesperson receives may be taken directly out of your principal, causing a net loss for the first few years of your investment.

Contact your tax professional to determine any negative consequences of buying or switching to an annuity from another type of investment; or if the annuity interferes with your eligibility for medical care or housing assistance.