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September 8, 2008

Senator Herb Kohl - D  
310 W Wisconsin Ave  
Suite 950  
Milwaukee, WI 53203

**Re: Proposed SEC Ruling 151A and Comments Referencing File Number S7-14-08**

Dear Senator Kohl:

I hope this letter finds you doing well?

As you may be aware, the SEC announced a proposed ruling on Wednesday, June 25, 2008 that would require most fixed indexed annuities to be registered under federal security laws. The proposed rule, 151A would subject these **insurance products**, which are already regulated by the State of Wisconsin's Office of Commissioner that would have profound negative implications for the way these products are developed, marketed and sold.

One of the serious effects would be to require these products to be sold **exclusively** by registered representatives of SEC-Licensed Broker-Dealers, rather than independent insurance agents, like myself, who are already State Licensed. This SEC Ruling 151A will change, dramatically, the sales process and the availability of these products to Wisconsin Consumers. negativity.

The SEC is taking the position that state insurance regulation of the sale of these products is inadequate to protect purchasers.

This is far from the truth!

The TRUTH is:

- Indexed Annuities are fixed annuities that, like traditional declared rate fixed annuities, guarantee a minimum interest crediting rate and provide the opportunity to earn interest credits in excess of that guarantee. With a traditional fixed

annuity, the crediting of excess interest depends upon the performance of the company's overall investment portfolio. Similarly, an indexed annuity provides the opportunity for excess interest credits based upon the measurement of an external stock or bond market index. While both products expose the consumer to fluctuating levels of annual excess interest credits, in both cases the consumer has no risk of loss or premium or prior credited interest (unless the policy is surrendered during the surrender period in which case a surrender charge may apply). The indexed product offers the consumer a strong minimum guarantee backed by the insurance company along with the opportunity to earn excess interest that is hopefully higher than traditional principal-protection products.

- Both the design and scale of annuities are highly regulated by state insurance department as are the companies who manufacture and sell them. State insurance regulations cover, among other things, suitability of insurance agent recommendations regarding annuities, annuity disclosure and advertising, agent licensing and training, unfair trade practices including misrepresentation of product terms and conditions, and enforcement actions and penalties for noncompliance with sales practices requirements. In addition, guaranteed minimum values for annuities are regulated through the Standard Nonforfeiture Law and are applicable to all fixed annuities.
- The securities regulation will add little benefit to consumer protection. Many states have already adopted the NAIC Annuity Disclosure Model Regulation and most, if not all, of the major index annuity carriers have mandated the use of a disclosure statement or certificate describing all important terms and conditions of the annuity contract, including prominent disclosure of surrender charges. Many, if not all, major indexed annuity carriers conduct suitability reviews of all sales in all states. Suitability reviews required of brokers under FINRA rules would not add any meaningful protections over and above what is already being done.
- The guarantees provided by an indexed annuity offer consumers significant protection against investment risk. The DJIA has suffered a decline this year in excess of 20% from its October 2007 record, yet a fixed indexed annuity purchaser will not lose any principal due to such market performance, unlike a

consumer of an equity security or a stock mutual fund, or a variable annuity. The annuity interest crediting formula protects the owner against loss due to drops in the index over the crediting period and while the guarantees provided certainly come at a price, this is fully disclosed to the purchaser.

I am a small business owner, one of thousands in Wisconsin that will be affected, adversely, by this far-sweeping proposed ruling. **Especially in Wisconsin**

While the SEC can adopt rules without obtaining Congressional approval, as my Representative in Washington, I firmly believed that you needed to hear these very important concerns and not to take this Ruling 151A lightly.

I would like for you, as my elected official, to communicate to the SEC the above concerns that many of your Small Business Insurance Professionals in Wisconsin have as it relates to this Proposed Ruling.

I also believe that Congress has a substantial influence over the SEC.

This ruling will do nothing but put more Consumers around the country, but especially in Wisconsin, in financial jeopardy with risk to their portfolios and less guarantees!

Who wants to be ONE that loses their entire Retirement/Pension Investments over this?

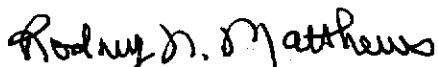
**Would you want your LOVED ONES to put at risk their ENTIRE RETIREMENT or PENSION INVESTMENTS because of this SEC Proposed Ruling 151A?**

I would not! I hope and pray, you feel the same way.

Thank you in advance for your cooperation and assistance in this matter and I look forward to hearing updates and responses to this negative proposed ruling.

Have a great day!

Sincerely,



Rodney N. Matthews, President/CEO

RNM: rg

**NOTE: I sent a letter directly to the SEC in Washington with my comments and concerns.**