



Trent Capital has been steadfast in its opposition to annuities as an investment vehicle. Too often the annuities industry - for its own gain - paints a misleading picture of this intentionally complex product. Many have been approached about buying an annuity, a product far more beneficial for the selling agents than for the buyer. Be careful! Before reacting to what can be made to sound like a solid investment choice with never ending benefits and protections and guarantees, read what those who also know how annuities work have to say:

Below are excerpts from: <http://www.marketwatch.com/news/story/still-bashing-annuities-after-all/story.aspx?guid=%7B96CD3B42%2D23E0%2D4F3E%2DBE95%2D508779D94745%7D>



PAUL B. FARRELL

Clip job - Still bashing annuities after all these years, with good reason

By [Paul B. Farrell](#), MarketWatch - April 28, 2008

ARROYO GRANDE, Calif. (MarketWatch) --

Along with FINRA, there's a vast patchwork of state agencies and insurance industry regulators that make effective policing tough. In fact annuities have countless, hidden flaws that all too often remain undisclosed until it's too late: excessive commissions, lower returns, payout delays, surrender fees and long lock-ins. Still annuity sales climb.

As BusinessWeek puts it: "Potential buyers can ignore the sales fluff and dig into the fine print to figure out if an annuity is right for them. But that can be a real slog." Some prospectuses can run "over 500 pages, so you know why most buyers wind up relying on a sales spiel."

The big reason annuities sell so well is simple: Sales commissions are lucrative for annuity sales agents, some as high as 14%. As a result, the industry attracts aggressive hustlers with questionable ethics preying on vulnerable customers, especially the elderly, a pattern that gives the rest of the industry a bad name.

No wonder journalists and critics like Ric Edelman are less than sympathetic and not as subtle as FINRA in condemning the problems with annuities. "All mutual funds charge a fee," says Edelman, one of America's largest financial advisers, in "The Lies About Money." "But when you invest in an annuity, you pay the fund's fee plus the annuity company's fee. That extra layer of fees can double or even triple your costs. What a rip-off."

Bashing annuities has been major league sport among independent experts who've analyzed them. Here's a montage from my files over the years, about how bad things have been for a long time:

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Smart Money: 'Can't get a bigger commission'

In "Ten Things Your Variable-Annuity Seller Won't Tell You" you'll hear that "legions of brokers, insurance salesmen and independent financial advisers are clamoring to sell them. Why's that? 'You can't get a bigger commission for anything else these days' ... about twice what your broker usually gets for peddling a mutual fund."

Bloomberg: 'Good for one lady in Iowa'

"When I was in the insurance industry," said finance professor and annuity expert Moshe Milevesky, "we used to joke that there probably was one lady in Iowa for whom the product was good."

Wall Street Journal: 'Treat them like blind 12-year olds'

In a critique of the "Annuity University," one of their trainers tells salesmen the best way to sell to potential senior-citizen customers: "Treat them like they're blind 12-year-olds."

InvestmentNews: 'Sellers are burning consumers'

"Too many sellers are burning consumers ... buyers of variable annuities have no idea what they're actually buying, and many have been lured into an inappropriate investment vehicle. ... Many, if not most, elderly will see little or no benefit from a tax-savings strategy that can take 10 to 15 years to pay off."

Kiplinger's: 'The great annuity rip-off'

"Unscrupulous agents take advantage of seniors with risky investments that cost too much." But the "smoke and mirrors can't disguise the simple truth that most investors can do better elsewhere."

AAll Journal: 'Make a different choice'

"Deferred annuities are popular because returns are tax-deferred, but if the full cycle of accumulations and distributions are considered, most purchasers would make a different choice."

BusinessWeek: 'The fifth best option'

"They are the fifth-best option for retirement planning, behind everything else," says one financial adviser. "Many of the tax benefits of variable annuities no longer exist, but the hard sell continues ... don't believe the hype."

Money: 'One small cheer'

Even "if you decide that the lifetime income option of the variable annuity makes sense for a small portion of your assets, that still doesn't mean you should buy," because in the end all we could give them was "one (small) cheer for variable annuities."

Forbes: 'The great rip-off'

"The great annuity rip-off ... They're stupid investments for nine and a half people out of 10. The only people who benefit from these things are the people who sell them. ... The average annuity is nothing you would want."

USA Today: 'Popular with unscrupulous financial advisers'

"Variable annuities are popular with unscrupulous financial advisers, insurance agents, financial planners and brokers. Too many of these advisers steer clients looking for simple mutual fund investments into variable annuities instead because of the fat commissions."

Ticker magazine: 'Golden eggs for commissioned salesmen'

This publication for brokerage industry insiders called variable annuities "golden eggs" for commissioned salesmen.

Newsweek: Financial guru is 'deeply angry'

Personal finance guru Jane Bryant Quinn quoted John Biggs, a former chairman of TIAA-CREF: "I cannot imagine a situation where I'd recommend a variable annuity." Quinn says annuities are one investment that makes her "deeply angry."

Fortune: 'Bad investment, don't answer the door'

They're "bad investments for most people ... The best solution: The next time the annuity salesperson comes calling, don't answer the door."

