Here are the top 5 reasons Ken Fisher LOVES annuities. Annuities are GOOD for:

1. Fisher Investments. Based on his aggressive marketing, he must believe annuities are a major source of Fisher Investments assets under management.

2. Ken's personal finances. Ken Fisher is in the top tier (reported a year ago to be SIXTH) of the biggest shareholders of an insurance company that sells, almost exclusively, fixed annuities.

3. Ken's licensing requirements. Advising against annuities does not require an insurance license. Insurance agents and advisors who are not registered investment advisors are prohibited by law from advising about the specific securities people own and recommending they use them to fund an annuity. However, the securities industry **does not** prohibit the unlicensed and untrained investment advisor from discussing and advising against annuities and recommending their surrender.

4. Avoiding other pesky insurance regulations. It is illegal for insurance agents and advisors to offer rebates. They are prohibited by law from offering any monetary or beneficial inducements to customers in return for purchasing a product. No so for Ken Fisher! Security laws do not have the same prohibition and he publicly offers rebates for surrender charges that the annuity customer may incur. What's more, the manner of the rebate isn't even regulated. Ken's fine print discloses that the surrender charge is rebated over time in the form of reduced advisory fees. Yippee, my $500,000 investment which now becomes maybe $465,000 and I will recover my $35,000 over the course of how many years? I lose the earning power of that money for how long? So, if annuity transfers are being rebated with lower management fees, then clients who don't transfer annuity funds must be paying higher fees. If I were an investor that didn't move money from an annuity, I'd ask why I am subsidizing annuity investors by paying higher fees? And it isn't just the rebating, because Ken Fisher is not regulated by insurance laws, he is allowed to get away with ads and interview-mercials (read Forbes lately?) that would be considered misleading, inaccurate and, therefore, illegal in the annuity world.

5. Easy money. Annuities are easy to liquidate and transfer funds. Anyone who has funded an annuity with other financial products, knows that moving money from risk-based investments to an annuity is fraught with numerous barriers and delays. Even moving money from one annuity to another is very difficult and time consuming. But, when Ken's helps his clients terminate an annuity, he is not bound by the same rules of suitability, churning and replacement – all insurance laws that protect the consumer from fraud and unsuitable sales.

When an annuity is replaced with another annuity or if the money is a direct transfer from another financial product, the annuity advisor must convince the insurance company that the new annuity is better in many ways than the old product. The insurance company is required (and liable) by law to determine that the exchange or replacement is suitable including taking into consideration whether:

- The consumer will incur a surrender charge, be subject to the commencement of a new surrender period, lose existing benefits (such as death, living or other contractual benefits), or be subject to increased fees, investment advisory fees or charges for riders and similar product enhancements;

- The consumer would benefit from product enhancements and improvements; and
- The consumer has had another annuity exchange or replacement and, in particular, an exchange or replacement within the preceding 36 months.

What's not to love? So the next time a customer asks, "but doesn't Ken Fisher say he hates annuities" you can answer "no – not really because in Ken's case he is motivated by good – good business profits, good shareholder returns, and regulation-free marketing and sales practices."

[1] LIMRA Estimate of IRA Rollover Market (in billions); LIMRA Secure Retirement Institute's Analysis of Investment Company Institute, The IRA Investor Profile; Traditional IRA Investor's Activity, 2007-2011 (Oct 2013), IRA Statistics of Income, Accumulation and Distribution of Individuals Retirement Arrangements, 2010 (Fall 2013, Cerulli Associates and LIRMA Analysis.

*Kim O'Brien is **the vice chairman and CEO** of Americans for Annuity Protection. She has 35 years of experience in the insurance industry. O'Brien served The National Association for Fixed Annuities (NAFA) for almost 12 years and led the organization to defeat the SEC's Rule 151A.*