October 28, 2026

Lauren U. Van Buren
Chief Legal Counsel, Wisconsin Office of the Commissioner of Insurance
National Association of Insurance Commissioners
Annuity Buyer's Guide (A) Working Group

CC: Jennifer Cook

Re: Request for comments on the draft Buyer's Guide on Deferred Annuities

Dear Ms. Van Buren:

On behalf of the Annuity Products Subcommittee of the American Academy of Actuaries (Academy)[1], we appreciate the opportunity to offer comments to the Annuity Buyer's Guide (A) Working Group (Working Group) regarding the Oct. 13, 2026 draft of the Annuity Buyer's Guide.

We appreciate the Working Group's effort to shorten and simplify the Buyer's Guide and have included our redlined edits in the draft for consideration. We've included some additional reasoning for those edits below.

SECTION: How might you use an annuity as part of your financial plan?

- In this section, the reference to the stock market seems too specific. We would suggest using the generic term "market" or "financial market" instead.
- If there is a desire to warn consumers about annuities with additional risk and gains, we believe that pointing to the definitions of VAs or RILA/ILVA may be preferable.
- In the previous version of the Buyer's Guide, the glossary used "Accumulation Value." The current draft seems to use "Account Value." Was this a deliberate choice?
- The statement referring to postponing federal and state income taxes would benefit from additional explanations regarding the tax status of the source of funds used to purchase the annuity. However, this degree of specificity seems beyond the scope of the Buyer's Guide.

SECTION: What are some things to consider before you buy an annuity?

- The references to surrender charge periods are repeated twice in the Buyer's Guide, here and on page 4 of the draft. Our recommendation is to retain the language in this section and delete the reference on page 4.
- We suggest revising the last bullet to address riders with a cost.

SECTION: TYPES OF ANNUITIES

[1] The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

- Given that single premium immediate annuities (SPIAs) and deferred income annuities (DIAs) are defined within this section, we suggest deleting the reference to "immediate annuity."
- We would also suggest moving the section that defines "deferred annuity" to follow the sections on SPIA and DIA.

SECTION: When can you access your account value? Annuities can limit your access to your money.

- We noted that most of this language can be found earlier in the draft on page 1; therefore, we would recommend deleting the repetitive language here.

SECTION: After you buy an annuity

- This language also seems to be repetitive of language found earlier in the draft on page 1. We would suggest deleting the language found here.

Thank you for your consideration of these comments. We look forward to further discussions with the Working Group, as we share your focus on helping to provide appropriate and helpful information to consumers as they consider purchasing these products.

If you have any questions or would like to discuss these comments further, please contact Fabienne Amisial (amisial@actuary.org), the Academy's life policy project manager.

Sincerely,

Beth Keith, MAAA, FSA
Chairperson, Annuity Products Subcommittee

NAIC ANNUITY BUYER'S GUIDE

This guide is designed to help introduce you to basic information about annuities. It is important to review specific information about the annuity you are considering so you can make informed decisions when considering whether an annuity could fit into your financial plan. An annuity is a long-term contract sold by insurance companies through licensed insurance agents. Some, but not all insurance agents, may also be financial advisors. Not all insurance agents are licensed to sell all types of annuities.

Additional information about annuities may be found in the [Consumer's Guide to Understanding Annuities] at NAIC.org.

UNDER STATE LAW, EVEN IF YOU'VE ALREADY BOUGHT YOUR ANNUITY, YOU MAY HAVE THE RIGHT TO CANCEL IT WITH NO PENALTY OR CHARGE. REFER TO THE FIRST PAGE OF YOUR ANNUITY CONTRACT FOR HOW TO CANCEL YOUR CONTRACT.

How might you use an annuity as part of your financial plan?

- To avoid outliving your savings: You can annuitize and receive guaranteed income payments over time. If this is ~~the~~a key reason you might buy an annuity, ask when payments could start and ~~if~~what ~~lifetime~~ payment~~s~~ options are ~~an option~~available, such as a lifetime or 20 years.
- To manage certain market risks: Some annuities guarantee a minimum return for a period of time no matter what happens in the ~~stock~~ market. Other annuities require that you take a certain amount of market risk if you want the potential ~~your account value to grow more directly with the market changes~~for higher account value growth.
- To postpone paying federal income taxes on the growth of your annuity's value: ~~You may still owe federal taxes on money you put in the annuity if that money wasn't already taxed~~. You should also ask about state taxes. There are other ways to postpone paying federal income taxes, including opening an IRA (Individual Retirement Account).
- To plan for unexpected events: Some annuities let you buy extra benefits through a rider to your annuity policy. ~~that could,~~A rider could, for example, give you guaranteed withdrawal benefits, help you pay for long-term care or critical illness, or ~~give you extra cash if you have a critical illness~~waive your surrender charges in times of need. These rider benefits ~~(called riders)~~ may increase the cost of your annuity.
- To leave money to beneficiaries: Some, but not all, annuities pay a death benefit or the remainder of your annuity benefits to your beneficiaries.

What are some things to consider before you buy an annuity?

- You should consider your financial goals and evaluate how an annuity will fit into your financial plan to help you reach those goals, including comparing to other options.
- Most annuities have a surrender charge period during the initial years of your contract. If you withdraw more than the annuity contract allows (typically 5% - 10% annually) or cash-in your annuity during that period, you may pay a surrender charge.

- Depending on the type of annuity, fees, charges, or adjustments may reduce your annuity's potential value or limit how much it grows.
- ~~Some~~All annuities are intended to provide income payments over time. ~~and~~but ~~some of these~~special income ~~features come with a cost. If you're considering an annuity because you may want future income payments, ask questions about the annuity's features, benefits, and costs to better understand how you can use it to meet your goals.~~
- If you choose to convert your annuity into a stream of scheduled income payments (annuitize the contract), you generally can't withdraw the remaining value later as a lump sum.
- Because certain features, guarantees, or riders have a cost, you should consider that cost relative to the likelihood of using the benefits they may provide and the impact to the annuity's account value growth. ~~Some annuities include optional features, guarantees, or riders that increase the cost of the annuity contract. Before buying an annuity, think about how likely you are to use those features and whether it's worthwhile to pay the extra cost~~.

How can you use an annuity to get income payments?

Depending on the annuity contract, an annuity can provide income through a variety of payout options, including payments that continue for a specified period or for the rest of your life, a process commonly called annuitization. Some contracts will allow guaranteed withdrawals so you don't need to annuitize your contract, but you should consider if the withdrawal amount will be sufficient to meet your needs relative to annuitizing.

TYPES OF ANNUITIES

~~**Immediate Annuity:** An immediate annuity is an insurance contract where you pay a single lump sum in exchange for guaranteed, ongoing income. Payments begin soon after the annuity contract purchase and continue for your lifetime or for a set period.~~

~~**Deferred Annuity:** A deferred annuity is an insurance contract that will accumulate the premium you pay during an accumulation phase and can provide lifetime income during the payout phase (also may be referred to as annuitization or withdrawal) should you choose to take payments.~~

Single Premium Immediate Annuity (SPIA): A SPIA is an immediate annuity funded by a lump sum premium payment (or short series of payments made within one year) in exchange for a guaranteed stream of income that starts within one month of the premium payment up to one year from date of purchase.

Deferred Income Annuity (DIA): A DIA is a deferred annuity funded by a lump sum premium payment (or short series of payments made within one year) in exchange for a guaranteed stream of income that starts in the future usually at a specific age or number of years you designate.

With both SPIAs and DIAs, you generally cannot access your funds as a lump sum once payments start, and payments continue for the rest of your life or the specified period.

Deferred Annuity: A deferred annuity is an insurance contract that will accumulate the premium you pay during an accumulation phase and can provide lifetime income during the payout phase (also may be referred to as annuitization or withdrawal) should you choose to take payments.

Please see details below on specific types of deferred annuities: fixed annuity, fixed indexed annuity, variable annuity, and registered index linked -annuity.

Fixed Annuity (FA and MYGA): A fixed annuity (FA) and a multi-year guaranteed annuity (MYGA) are deferred annuities that grow at a guaranteed interest rate the insurer sets. A ~~n~~FA ~~annuity~~ contract will state the amount and how long the interest rate is guaranteed often up to a year. A MYGA is a type of fixed deferred annuity contract with a guaranteed interest rate for an initial period which can be one to 10 years.

Fixed Indexed Annuity (FIA): A FIA is a deferred annuity that protects your principal by preventing loss if the index performance is negative while crediting positive index performance ~~interest based on the performance of a market index~~when the index is up. It is important to understand that a fixed indexed annuity is an insurance product, not an ~~investment~~~~security~~investment product because you do not participate directly in the index. ~~An investment is one way to grow your money, but you risk losing money. A fixed indexed annuity protects you from that risk, but~~The contract limits both your loss and your gain, so your annuity's value sometimes won't grow as much as the ~~market~~ index does.

Variable Annuity (VA): A VA is a deferred annuity where your money is invested in subaccounts (funds of stocks, bonds, or money markets) and the value of your annuity changes based on the value of the subaccounts. Because your money is invested in the financial markets, there is higher potential for growth compared to fixed annuities. However, because your returns depend on the financial markets, your annuity value can fall, and you can lose some or all the money you put into the annuity. These products can only be sold to you by an agent licensed to sell securities. Not all agents can offer you this type of annuity.

Registered Index-Linked Annuity (RILA and ILVA): A registered index-linked annuity (RILA) or an index~~ed~~ -linked variable annuity (ILVA),- is a type of ~~variable~~ deferred annuity that will credit interest based on an index performance ~~but~~and will limit how much you lose when the index return drops in value, so you can lose money because of the index performance. Because you can ~~be~~ lose money when an index return drops in value, RILAs/ILVAs are considered ~~investment~~securities similar to variable annuities and agents must be licensed to sell ~~a~~ securities~~y~~ to you.

When can you access your account value?

Annuities can limit your access to your money. If you purchase a SPIA or DIA, or annuitize a deferred annuity, you generally can no longer withdraw the account value as a lump sum. Instead, you receive income payments as described in your annuity contract.

~~Most deferred annuities have a surrender charge period, often 5 to 10 years, sometimes longer. You may be able to withdraw a portion of your cash value each year without a surrender charge, but charges may apply if you withdraw more than the annuity contract allows (generally 5% - 10% annually). Before you buy, make sure you understand when and how you can access your money and what charges may apply.~~

Can you replace an annuity with another annuity?

Yes. An annuity replacement is a transaction where you use the value of an existing annuity to buy a new annuity. A replacement may involve surrendering your current annuity or transferring all or part of the annuity's value to a new annuity. Replacing an annuity requires careful consideration. Your insurance agent must provide a comparison of your existing annuity and the proposed replacement annuity. If you replace your annuity during the surrender charge period, you may pay surrender charges. Even if your existing annuity is no longer subject to surrender charges, a new annuity will generally begin a new surrender charge period. You may also lose benefits, guarantees, or other features available under your existing annuity contract if they are not available on the new annuity contract.

How is my insurance agent paid to sell me an annuity?
Insurance companies pay insurance agents a commission for selling an annuity. The commission is generally based on a percentage of your premium payment. You can ask how much the insurance agent expects to be paid by selling you any annuity. The insurance agent should be acting in your best interest and help you understand why any recommended annuity fits your financial needs.

How can I see how my annuity will work?
Your insurance agent may show you an annuity illustration, which is designed to help you understand how your annuity value might grow and demonstrate insurance features of the annuity. An annuity illustration is based on certain assumptions and projections. **Illustrations are not promises or guarantees about how your annuity value will grow, if at all.** Ask your insurance agent which illustrated values are guaranteed and which are hypothetical.

After you buy an annuity
Read your annuity contract carefully. After you carefully read your annuity contract, you should be able to answer the following important questions:

- Is your personal information correct?
- Did you name a beneficiary?
- Do you understand what parts of the annuity contract are guaranteed and what parts can change?
- How will interest be credited to your annuity?
- Are there any features in the annuity contract or benefits that you did not expect or do not understand?

Your insurance agent can help you understand anything that isn't clear.

~~If you are not satisfied with your annuity contract, you can usually return it for a full refund within a certain period, usually 10 days, after you receive it. The review period is stated on the first page of the annuity contract.~~

If you decide the annuity meets your financial needs, keep your annuity contract in a safe place where you can easily find it when needed. Review the annuity contract periodically and, if the annuity includes a death benefit, make sure your beneficiaries know how to access the information they may need.

ADD LINK AND QR CODE TO ACCESS NAIC ANNUITY LONG GUIDE