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I have been a licensed agent for over 25 years. The problem with variable annuities has never been the expenses or investment history; it's been the CDSC (Contingent Deferred Sales Charge). If a customer is allowed to withdraw their entire principal without restriction the market would take care of all of these other problems through competition like it does in every other investment product.

I review portfolios of prospective customers on a regular basis and some of these restrictions are ridiculous. I have seen 10+ years of CDSC and new deposits starting their own new CDSC times. I've also seen products with only short windows of time to withdraw that expire within 90 day periods and the restrictions begin again.

A variable annuity product with no CDSC or other withdrawal restriction can not cause all of the other problems because the customers will leave. Why don't you concentrate on the following?

1. A standard variable with no CDSC, the reps will have to live on a small trail.
2. To charge a CDSC the company must give the customer a substantial bonus or credit.
3. Limitations of CDSC to 4 years or less.
4. The simplified prospectus we've been promised.

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