

Annuities Can Put You in a Financial Straightjacket

Miami, FL – August 24, 2010 - This is a true story which illustrates the potential problems with annuities.

Needing money to repair her leaking roof Alice asked her advisor, Eric Weiss, CFP[®], to review the contract for her annuity from which she was thinking of withdrawing the funds.

After reviewing the contract's: regulations, guidelines, restrictions, fees, fine print, formulas, "what if" scenarios, definitions and welcome page it was discovered:

Though 55 years old when she bought the annuity, Alice did not have access to her money, without a "surrender fee", until she was 69; in addition a fee of 3.4% was being charged annually to the account.

Compounding the frustration it was later found that the insurance agent who sold Alice this contract was under investigation by state security and insurance regulators.

Eric contacted the insurance company to convince them to waive some of the fees. Unfortunately, they responded that since Alice signed the contract all of the provisions must have been understood and agreed to by her.

Annuity Lessons Learned

- Some annuities can strengthen a retirement plan, but the contracts are complex and all provisions should be fully understood before signing.
- Annuities contain different fees; each should be clearly understood to know exactly what is being paid for.
- Annuities are not flexible; if you foresee changes to your circumstance then perhaps an annuity is not for you.
- Often, though not always, annuities are sold by commission-based sales people; potential purchasers should understand if such compensation has influenced the products being offered them.
- By giving the insurance company your money you are expecting them to pay you and or your spouse for the remainder of your lives – could be thirty years or more. Potential purchasers should investigate the financial health of the company selling the annuity.

About Eric J. Weiss, CFP[®]

Eric Weiss, CFP[®], AIF[®] is a fee-only, client-centric financial planner based in Miami and has developed many headaches reading the fine print in hundred page annuity contracts. Mr. Weiss is President and founder of Brightscape, www.brightscape.com, a fee-only registered investment advisor with offices in

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