



August 14, 2007

The Honorable Robin Carnahan
Secretary of State, State of Missouri
600 W. Main St.
P.O. Box 1276
Jefferson City, MO 65102

Dear Secretary of State Carnahan,

The “Top Ten Threats for Missouri Investors” list issued by your office in June 2007 provides inaccurate and misleading information about variable and indexed annuities, lumping legitimate investment products that are helping millions of individuals plan for and live in retirement, with con artists, affinity fraud and oil and gas scams.

My purpose in writing is to provide additional information about the value and benefits of variable and indexed annuities, so that you may arm your constituents who may be considering an annuity purchase with the information necessary to make a fully informed decision.

A variable annuity is a flexible financial retirement vehicle combining insurance benefits, guaranteed lifetime income payments and tax-deferred savings. There are many important reasons why variable annuities are appropriate for many Missourians, including older investors. These include:

- **Guaranteed Stream of Income** – Many retirees can no longer count on Social Security or pensions to provide the majority of their retirement income, and an annuity is the only other financial vehicle that offers guaranteed income for life. As such, an immediate, or income, annuity can be an excellent retirement vehicle for many older Americans. In addition, a variable annuity may also be an option for those retirees who would like to continue accumulating tax-deferred wealth, and later convert to guaranteed income payments at some point in the future.
- **Longer, More Active Retirements** – On average, retirees today are living longer, more active lifestyles than previous generations, and therefore can still be considered long-term investors entering retirement. In fact, a retirement of 20 or 30 years or longer is becoming more commonplace. Variable annuity living and death benefits, which provide protection against downside market risk, give individuals the confidence to stay invested in equity-based products, where the highest returns have traditionally been, in lieu of more conservative financial products, such as CDs and bonds. This is advantageous to retirees and near-retirees that do not require immediate income payments, but rather would like a portion of their nest egg to grow tax-deferred to be accessed later.
- **Liquidity** – Today’s variable annuities offer greater liquidity, flexibility and a broader range of features than in the past, providing more options and opportunities for retired Americans. For example, many variable annuities include features that provide retirees access to a portion of their investment without imposing a surrender charge, such as the Guaranteed Minimum Withdrawal Benefit, which allows contract holders to withdraw typically five-to-seven

percent of their initial investment per year regardless of market performance. In addition, most variable annuity contracts allow annual withdrawals of 10-15 percent, and/or give individuals full access to their money – free of surrender charges – in situations of poor health.

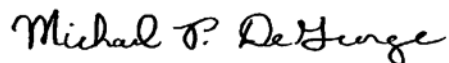
Indexed annuities may also be a good option for retirement-minded consumers. An indexed annuity typically provides the contract owner an investment return that is a function of the change in the level of an index, such as the S&P 500, while guaranteeing no less than a stated fixed return if there is a downturn in the benchmark index.

Indexed annuities are designed for investors who want a guaranteed floor value and the opportunity to participate, on a limited basis, in market gains, and can be particularly appealing during volatile market conditions. For many investors, including older Americans, they can be a viable alternative to CDs and other lower paying fixed investments.

In your letter you state, “fraud, scams and inappropriate investment advice are not something that [Missourians should] have to tolerate.” I couldn’t agree more; however, I believe that categorically dismissing the value of variable and indexed annuities is a disservice to your constituents who could otherwise benefit from valuable financial instruments used by millions today to achieve a secure retirement.

We share the common goal of providing consumers the information necessary to make accurate and informed financial decisions. I would be happy to provide your office with additional information and documentation to assist you in this effort and/or schedule a meeting in the near future to discuss these matters further.

Sincerely,

A handwritten signature in black ink that reads "Michael P. DeGeorge". The signature is written in a cursive style with a large, prominent 'M' and 'D'.

Michael P. DeGeorge
Vice President and General Counsel
NAVA, the Association for Insured Retirement Solutions