



Lawsuit Filed to Challenge New Department of Labor Rule That Restricts Americans' Retirement Choices

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DES MOINES, Iowa, June 9, 2016 /PRNewswire-USNewswire/ -- The Indexed Annuity Leadership Council (IALC) today filed a legal challenge to the Department of Labor's fiduciary rule. While the IALC agrees that financial professionals should act in their clients best interest when providing retirement advice to individuals, this legal challenge is necessary because the rule creates an unworkable standard for independent agents and insurance companies and goes far beyond DOL's authority. The fiduciary rule will significantly restrict access to products and retirement information for those retirees who need it most, namely middle income retirees depending on savings they have accumulated during their working years to support them in retirement.

"We are not disputing that retirement advisors should act in the best interests of their clients. That is not the basis of this litigation. While the DOL is attempting to redirect the focus, the reality is that the DOL fiduciary rule will harm millions of hard-working Americans who need the principal protection and lifetime guaranteed income that fixed indexed annuities offer." said Jim Poolman, Executive Director of IALC.

"Americans are living longer and increasingly have primary responsibility for planning for their own retirements. Because of this, fixed indexed annuities have become a critically important financial instrument to make sure their funds last through their retirement years. In addition to principal protection and guaranteed lifetime income, these products uniquely provide the ability to receive higher interest than other safe money products, without the downside

risk of losing principal in down markets. By limiting access to these products, DOL harms the very people it is trying to protect—those who cannot afford to put their retirement at risk of market loss."

"During the rulemaking process, IALC provided constructive recommendations to the Department of Labor with the objective of helping finalize a rule that promotes the best interest of all Americans saving for retirement. Unfortunately, the final DOL regulation unfairly targets certain types of fixed annuity products, making it harder for Americans to purchase fixed indexed annuities when it is in their best interest to do so. IALC will continue to be a voice in advocating for retirement choices to protect millions of Americans, and this legal challenge is simply the next step in our efforts."

The full complaint can be read [here](#).

About the IALC

The Indexed Annuity Leadership Council (IALC) brings together a consortium of life insurance companies with a commitment to providing consumers, the media, regulators and industry professionals complete and factual information about the use of fixed indexed annuities. Namely, that these products provide a source of guaranteed income, principal protection, and interest rate stability in retirement as well as balance to any long-term financial plan. To date, IALC member companies have more than 1.3 million policies in force with more than \$84 billion in assets.

About Fixed Annuities

Fixed annuities offer protection against market loss as the insurance company assumes the risk of market downturns. In other words, there is no risk of loss of principal and any earnings credited to the policy are guaranteed and cannot be lost or reduced in future periods (so long as the owner does not surrender the contract prematurely). Earnings can be credited based on a periodically declared rate, a multi-year guaranteed rate, or a rate established based on a formula that

references a market index (a fixed indexed annuity). In each case the contract's premium is not invested in a separate account or specific investment, but rather is supported by the general account of the insurance company. In the case of a fixed indexed annuity, the index is used to compute earnings credited to the policy, but there is no actual investment by the policyholder or the insurance company in the financial instruments that comprise the particular index. The only difference among these fixed annuity products is the method for determining the earnings credited to the policy. In addition to principal protection and guaranteed lifetime income, fixed indexed annuities uniquely provide the ability to receive higher interest than other safe money products, without the downside risk of losing principal in down markets. Today, consumers hold more than \$330 billion in fixed indexed annuity contracts.

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