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FOR IMMEDIATE RELEASE

Date: January 6, 2009 **Contact:** Lieutenant Daniel J Stroski
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Tips on Protecting Yourself from Annuities Fraud

(Woodland, CA) – January 6, 2009 Yolo County District Attorney Jeff Reisig wants to share some information to help Yolo County citizens avoid becoming victims of fraud scams.

Deferred Annuities - What YOU Should Look Out For

Have you ever had the following happen to you?

- Attended a free-lunch seminar involving retirement planning?
- Met someone who offered you free estate planning advice, or offered estate planning services or a living trust for a very small price?
- Met someone who offered you a reverse mortgage?
- Met someone who offered to move your risky investments into a safer financial product?
- Met someone who introduced themselves as a Certified Senior Advisor or an expert in senior financial planning?
- Had an insurance agent visit your home?

These are some of the schemes used by insurance agents/companies to market and sell financial products known as deferred annuities. While agents often talk about the benefits of deferred annuities, you should be aware of their disadvantages.

Deferred annuities are long-term products that tie up your assets and may even take money from you or your heirs if you pass on before the product matures. Some examples of their disadvantages include:

What am I really Paying for?

Most people don't realize that deferred annuities are very costly products that the insurance companies make you pay for through rates of return that are inferior compared to other investment products or portfolios with lower costs and an equal amount of risk. So what are you really paying for?

Typical costs include:

- **Commissions** - Did you know that the agent who offered you free advice and sold you a deferred annuity made money off of you – much higher than other investment commissions?
- **Bonuses and Teaser Rates** - Did you know that you are paying for these extra bonuses through lower interest rates in later years?
- **Liquidity** - Did you know that the company requires a penalty if you take your money out, even if for an emergency, before the surrender charge period expires?

Your Senior Expert May Not Be an Expert

All deferred annuities are sold by insurance agents licensed with the state. Some insurance agents may have little or no qualifications or expertise in financial planning. In recent years, some agents have used allegedly phony credentials like Certified Senior Advisor that falsely represent their actual qualifications or expertise in financial planning.

Deferred Annuities - What YOU Can Do to Protect Yourself

There are a number of things you can do to protect yourself from fraud.

- Be alert to high pressure sales tactics with an insistence on making an immediate decision. Take your time to learn about the investment.
- Avoid sales people who are unwilling to let you discuss the deal with another trusted advisor or provide written information with verifiable references
- Check the agent's credentials with the Department of Insurance or Department of Corporations and the Better Business Bureau.
- Research the product.
- Get an opinion from an independent financial advisor who is not getting a commission and is not an insurance agent
- If you were already sold a deferred annuity, you have 30 days to cancel it if you are 65 or older.
- If you were already sold a deferred annuity, contact the California Department of Insurance :

California Department of Corporations: www.corp.ca.gov 1 866 275-2677

California Department of Insurance: www.insurance.ca.gov 1 800 927-4357

Better Business Bureau www.sacramento.bbb.org 1 916 443-6843

Remember: Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

It is important not to confuse investment scams with bad investments. A bad investment is nothing more than a poor choice. An investment scam is a criminal act that was intentionally designed to deceive and manipulate you, the investor, through the use of false claims, lies and /or high pressure sales tactics.

Who should you call? When referring a concern to the District Attorney's Office, you can call: Investigator Chris Forsyth at (530) 666-8205 or Lt. Dan Stroski at (530) 666-8380.

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