June 8, 2020

The Honorable Tina Smith
United States Senate
720 Hart Senate Office Building
Washington, DC 20510

The Honorable Thom Tillis
United States Senate
113 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Dean Phillips
United States House of Representatives
1305 Longworth House Office Building
Washington, DC 20515

The Honorable Steve Stivers
United States House of Representatives
2234 Rayburn House Office Building
Washington, DC 20515

Dear Senator Smith, Senator Tillis, Representative Phillips, and Representative Stivers:

We, the undersigned organizations, are writing to express our support for the "Registration for Index Linked Annuities (RILA) Act" (S.3795/H.R.6994). This legislation will serve consumers by reducing regulatory barriers, facilitate the offering of innovative annuity products such as Registered Index Linked Annuities (RILAs), and ensure pertinent information is provided to consumers to make knowledgeable decisions about an annuity product they may choose to purchase.

A registered index-linked annuity (RILA) can bring balance to an investor's portfolio. It allows the purchaser the opportunity to participate in some market growth while reducing exposure to market loss. A RILA is an innovative annuity product, offering opportunity to an investor for some market growth without all the risk that comes with investing directly in the market, along with reduced downside exposure to partially protect the investor from market losses. Additionally, RILAs typically have no explicit upfront or recurring fees (there may be costs associated with early withdrawals and standard or enhanced features). Investment earnings are tax deferred until a withdrawal is taken, or payments are, and a variety of payout options are available which can produce a guaranteed income stream for the rest of a consumer's life.

RILAs are long-term investment products which can be used by consumers to help accumulate savings for retirement, especially if the consumer is currently retired or planning to stop working in near future, when less time exists for recovery from a significant downturn in the market. A RILA can also serve as a valuable supplement to an individual's retirement plan and offers a wide array of protection and growth options to create a strategy that aligns with a consumer's individual retirement needs.

We support this bill because it will lower a significant barrier that is preventing this innovative retirement income product from being used by more consumers who desire an annuity product providing some protection of their investment principal from market loss, while also allowing participation in market growth. The bill requires the U.S. Securities and Exchange Commission (SEC) to modernize and replace the current forms being used to file RILAs with a new registration form more closely tailored to this product. It would contain only the relevant information consumers need to make an informed choice about purchasing a RILA, eliminating extraneous information that currently makes the filing process more onerous and understanding the product more difficult.

Specifically, the bill would require the SEC to design a form for the filing of RILAs rather than relying on existing forms designed for use in connection with Initial Public Offerings (IPOs), or other "catch all" forms not created for insurance products which require the disclosure of financial information in line with generally accepted accounting principles (GAAP). The new form would remove the requirement to provide this information, which has created a barrier for insurers (private companies and mutual companies) who are not otherwise required to prepare GAAP financials, stifling entry into the growing market for RILAs and thereby inhibiting the development of this and other innovative annuity products.

We the undersigned organizations, want to express our thanks to you for your leadership in sponsoring this bill. It is important legislation which will lift a regulatory barrier that is hampering consumer choice and hindering the development and offering of innovative annuity products that can provide consumers with a lifetime income stream – a crucial element for a financially secure and dignified retirement. We look forward to working with you and your staff to advance this legislation.

Please do not hesitate to contact any of the organizations below with questions.

Sincerely,

American Council of Life Insurers
Committee of Annuity Insurers
Insured Retirement Institute
National Association of Insurance and Financial Advisors