

# Are annuities safe?

**A time-tested, regulated financial tool.** Annuities are one of the oldest financial tools in the world. Their use dates to Roman times, and they've been sold in the U.S. since the early 1800s. Today, annuities are regulated by states and can only be issued by life insurance companies. Due to their market exposure, *variable annuities* specifically are also regulated by the Securities and Exchange Commission and by FINRA, the financial industry regulatory authority.

**Check financial strength ratings.** Annuities are *not* FDIC-insured. That means guarantees are based on the claims-paying ability of the company. Consumers can check the financial strength of a life insurance and annuity company with ratings agencies such as Standard and Poor's (S&P), AM Best, Fitch, Moody's and Weiss. Comdex also ranks companies by averaging all the major life insurance ratings to develop a composite score.

**Additional industry safety nets.** In addition to state regulatory oversight, every state has a nonprofit *guaranty association* funded by annuity companies as a financial backstop. As a result of these industry safeguards, annuity holder losses have historically been very low, even if an annuity company defaults.