

# Strong Consumer Protections in Arkansas



Arkansas has taken action to provide strong consumer protections on annuity sales. On December 28, 2020, the Arkansas Insurance Department adopted the Best Interest revisions to the NAIC Suitability in Annuity Transactions Model. A fiduciary-only regulation from the U.S. Department of Labor (DOL) undermines this progress.

## What Best Interest Does

The Best Interest standard protects people seeking financial information and preserves access to vital guaranteed lifetime income tools like annuities. At the same time, the standard requires financial professionals to act in the consumers' Best Interest by satisfying four conduct obligations: a duty of care, disclosure, conflicts of interests and documentation.

The measure also supports consumers' right to choose the type of financial services they want, whether those services are based on one-time commissions or asset-based fees.

## Why Annuities Matter

People are living longer, and annuities are indispensable for people, especially middle-income families, in today's volatile times. These products can help people gain peace of mind and ensure their savings last through retirement. Very few employers offer traditional lifetime pension benefits, so many people are turning to protection products offered by life insurers that put retirement security in reach.

● **\$76,000** is the median household annual income among annuity owners.

## DOL Regulation Puts People at Risk

Arkansas families depend on annuities for peace of mind through retirement, and a DOL regulation effectively takes that certainty away. The regulation stunts financial inclusion by making it harder for moderate-income savers to access the financial help and information they want and need. This fiduciary-only approach will ultimately result in a significant decline to the long-term security of savers throughout Arkansas.

● **\$708.49 million** paid to Arkansas families in annuity benefits in 2022 by life insurers.

Rather than limiting options, the DOL should advance solutions that help Arkansas residents achieve financial security through all stages of life.

