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# Steady Eddy Annuity Bets

**IN THE PAST YEAR, KEITH SINGER, A** CFP and owner of his own namesake wealth management shop in Boca Raton, Fla., has like everybody else pondered what is increasingly coming to look like a lost decade in the stock market. The developments of the last few months, he says, have opened his eyes to the kind of risk people are really taking on. And like everybody else, he's watched a crashing market decimate the portfolios of a lot of retirees—people who were seemingly punished for good behavior.

"It's funny, as an advisor I always felt that I'm going to make my clients more money than some capped index annuity," he says. "And for the last five years, I was right. Then in 2008, you realize that you can lose 40% of your money in one year. No matter how much money you make in the stock market, it's not real until you cash in."

In other words, it's no good unless you've got the proverbial bird in hand.

Since 2005, Singer has not only become a regular customer of both fixed annuities and fixed index annuities, but a fierce advocate. He's got 35 of his 150 clients in them, and if he had it his way, it'd be more.

And he's not alone in his sentiment. According to Beacon Research, fixed annuity sales zoomed in 2008 as investors sought a buoy in stormy markets. Sales of fixed annuities for all of 2008 were \$107 billion, up 60% from the year before, says Beacon, while fourth-quarter sales were up by a fat 90%, rising to \$34.1 billion from the fourth quarter of 2007.

These products, like CDs, had until recently lain for years in dormant, unexciting ridicule by investors—like something gathering mold in Tellson's Bank in *A Tale of Two Cities*. But annuities have become the new black, as people try to keep their kitties safe. No longer seeking



The economic downturn is driving interest in fixed annuities.

By Eric Rasmussen

outsized returns, many people have gotten religion and decided that a certain righteous austerity is in order—safety of principal with modest return.

"I think a lot of the interest [in fixed annuities] is driven by the very unique nature of this downturn," says Ted Kerr, founder and president of Kerr Financial Group, a Commonwealth affiliate in Pittsburgh. "This has affected both the bond market and the stock market, which we all know is very unusual. Normally bonds provide some form of safety when the stock market is going down, but in this particular market downturn—although bonds have not lost as much as stocks—they're off a lot and I think it's shaken people's confidence in the traditional forms of diversification."

One type of shelter is the immediate fixed annuity, which has become attractive because you toss a lump sum into it and it throws off money with interest either for a fixed period or until you die. Deferred accounts, meanwhile, hold your money away for a few years and allow the interest to grow tax-free. There are all sorts of contracts for all seasons, and the longer you hold your

