

Consumer ALERT

Think Twice About Replacing Annuities

In the light of recent market issues, consumers may be approached to replace their insurance products. Before replacing a policy consumers should consider the following:

- ▶ **Replacing or liquidating an annuity or life insurance policy can have hidden costs and tax consequences.** Be aware that some policies may contain surrender charges and/or cancellation penalties.
- ▶ **Don't be pressured to make an immediate decision.** Unscrupulous agents may prey on your "time fears." They may try to convince you to change coverage quickly without giving you the opportunity to do adequate research.
- ▶ **Ask your broker or agent for a full analysis before the sale or replacement of any annuity product.** This analysis should include an evaluation of your financial position, income needs and the cost of liquidating any assets.
- ▶ **Terms and conditions of each annuity contract do vary.** Make sure you read and fully understand the terms and conditions of your current insurance policy and any insurance policy you may purchase before making a final decision.



- ▶ **Talk to a trusted financial adviser or family member before making any decisions.** Whether you should cash in your insurance policy or switch insurance to another insurer is a personal decision.
- ▶ **The proof is in the paperwork.** Get all key information in writing. If you decide to replace your policy, keep a copy of all paperwork you complete and sign, as well as any correspondence.
- ▶ **If you do decide to replace your policy, keep paying the premiums on your current policies until a new policy is issued.** Failure to pay your premiums can result in the termination of your insurance policies and could result in a gap in coverage.
- ▶ **Pennsylvania has a free look law which gives you a set number of days to look at the annuity contract after your purchase.** If you decide during that time that you don't want the annuity, you can return the contract and get all your money back. The free look period should be prominently stated in your contract. Be sure to read your contract carefully during the free look period.

Questions, comments or concerns?

Call the Pennsylvania Insurance Department at 1-877-881-6388 or visit www.insurance.pa.gov.