This has been long in coming. One of the drawbacks of living benefit riders on VAs is that the primary source of new premium - IRA Transfers and 1035 Exchanges - will dry up (at least until the cost of hedging drops, and the return on insurance company general accounts return to what was originally expected when priced). When a living benefit rider is in the black, meaning it pays to stay more than it can possible pay the client to switch, new premium dries up fast.

People who purchased fixed and index products tend to avoid switching back to risky investments of any kind, so the VA manufacturers are faced with the choice of continuing down their chosen path (new premium doom), or imitate that which is currently taking an ever increasing share of the remaining new premium pie (new premium boom).

As an aside, the biggest problem faced by consumers, and my fixed and indexed annuity manufacturers, is the egalitarian (read: communistic, fascistic) government that is curtailing economic freedom to the point where there's little or no creativity allowed. **Excessive regulation isn't what created index annuities**, and it can surely kill the appeal of some fantastic consumer oriented solutions to several financial problems that never go away.

For example, any law or regulation that limits the number of years of a surrender period, or that cap a surrender charge, or that meddle with distributor compensation. Every actuary, and every veteran agent worth his or her salt, knows that **surrender charges are a consumer benefit** of the deferred annuity contract. Given the irrefutable fact that liquidity is the number one enemy of long term investment performance (source: DALBAR, Peter Lynch, John Savage, SOA, et al.).

The absolute best performing fixed annuities today, and throughout history, have been those with no liquidity provisions (an effective 100% surrender charge), or mandatory annuity payouts (i.e., 5-10 year minimums, no lump sums), such as the old pension annuity products or first generation tax-sheltered annuities (multi-tier). Going back to the true advent of index linked fixed annuity contracts, which isn't 1995 as so many claim, but the late 1960s, there is one undeniable truth: Less liquidity = higher returns. Even among modern index annuities issued in the 1990s, those with higher surrender charges and longer-term surrender periods, continue to have renewals higher than new contracts saddled with artificially low, anti-competitive, anti-consumer, anti-agent, anti-insurance limits enacted by enemies of economic freedom.

Using the SEC's own logic, not only was SEC 151a an egregious power grab with the ultimate design to limit economic freedom (and hurt consumers), their own complaint records indicate that using their version of logic points to **consumers being better off with non-registered variable contracts** and the elimination of FINRA from the distribution food chain, as they (FINRA, and their member firms) are the ultimate drag on performance for the saver and investor.

Do you believe in economic freedom? Or do you prefer that the government dictate the terms of every contract, with the ultimate end result being virtually zero differentiation and product commoditization? Your comments below, please.