

THE FINANCIAL SERVICES ROUNDTABLE



Financing America's Economy

To: Representatives of the Financial Services Roundtable, GAC, Public Affairs Council, All Staff

Fast Facts: LIFE INSURANCE - RETAINED ASSET ACCOUNTS

Recent media and Congressional attention has raised many myths about Retained Asset Accounts.

FACT: Retained Asset Accounts were created in the 1980s to give grieving family members more time to decide what to do with life insurance benefits.

FACT: Beneficiaries have immediate access to life insurance benefits. They do not have to set up a savings or checking account nor do they have to wait for a lump sum check to be deposited, which can take several weeks.

FACT: Beneficiaries can withdraw the entire amount at once or write drafts (checks) against the remaining balance at any time.

FACT: Retained Asset Accounts pay interest that is competitive with checking and money market accounts.

FACT: Retained Asset Accounts are protected by state guarantee associations. Every state guaranty association in the nation offers coverage for life insurance death benefits and Retained Asset Accounts at or above the FDIC's coverage of \$250,000.

FACT: In August 2010, Thomas B. Considine, New Jersey's commissioner of banking and insurance, announced that Prudential Financial Inc. properly handled life-insurance benefits in the Alliance Account highlighted in recent media attention.

This report is also attached as a PDF. If you have questions or comments, please do not hesitate to contact Abby McCloskey, Director of Research at the Financial Services Roundtable, at abbyresearch@fsround.org.

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