



May 13, 2021

RE: Joint Trade Request to Modify HB21-1312

Members of the House Finance Committee,

The legislation in front of you will unintentionally hurt the very constituents that you rightly want to help with HB 1312. We respectfully but **strongly encourage you to amend HB 1312 by removing the language limiting which annuities are exempt from the premium tax.**

Our country is recovering from the pandemic’s financial impact where retirement savings took a hit. Even before COVID-19, steady trends emerged showing people are outliving their long-term savings. As a result, many are seeking ways to make sure they don’t run out of income as they age. Annuities are the only private market product that provides a guaranteed income for life.

Unfair to working families. The average non-qualified annuity owner makes \$70,000 a year, and a tax increase *would unintentionally hurt the very people we are all committed to helping.*

Farmers, ranchers and small business owners are most likely to lack an employer-provided pension and, for retirement, often rely on funds they receive when they sell their farms, ranches and business. This proposal subjects their life savings to a second round of taxation on already taxed savings. These Colorado citizens will no longer be able to add as much to their retirement nest egg due to the discriminatory tax.

Harms Main Street Investors. The proposed language would tax non-qualified annuities owned by middle income Coloradans. This premium tax increase, combined with low interest rates, will be devastating to these families, particularly to those families that lack an employer-based retirement plan and who rely on nonqualified annuities to provide a secure retirement.

Taxing Annuities Would Harm Injured Coloradans. Individual annuities are also used for “structured settlements.” Structured settlements are used in some civil lawsuits where a claimant can opt to receive a monetary settlement over time, instead of as a lump sum. In these lawsuits, the defendants (or their insurers) often purchase annuities to fund the settlements. Under this legislation those who have suffered an injury or the death of a loved one will remain entitled to income tax-free payments, but those structured payments would be reduced due to this newly assessed premium tax. Deleting the proposed language limiting the annuity exemption from premium taxation would fix this problem for those who have suffered serious physical injuries or who have lost a loved one.

It is important for Colorado to keep pace with rest of the country and find ways to recover from the pandemic’s financial toll. Please remove the annuity tax in HB 1312 so we can help provide more access to financial security for all Coloradans.

Respectfully,

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