

Like I do every Sunday, I was reading the NY Times business section. As I scanned the paper looking to see which articles I wanted to read, an ad caught my attention.

There, staring at me, were the words "Guaranteed Income". It caught my attention because when I saw the word "guaranteed" I fully expected it to be an ad from some second rate company and I was curious how any financial company could get away with even using the word in an ad, let alone using it as part of the headline. To say I was unpleasantly surprised when it turned out that [the ad was from Fidelity Investments](#) would be an understatement. How and why in the world would one of the largest financial organizations in the world try to pass off any investment as guaranteed ? Particularly in the era of the Madoffs and Stanfords ?

Tell me where you think the following came from, a Madoff, Stanford or Fidelity website ?

"Guaranteed income for life: When you take your first withdrawal, you are guaranteed a yearly minimum withdrawal amount for life, based on your original investment. If the market is up and your annuity contract has reached a new high point on your contract anniversary, your guaranteed income increases (up to age 85).⁴ If your contract value goes down due to poor market conditions, your income stream will not go down. In other words, your income is protected from market risk—it may only go up, but will not go down."

No investment vehicle is 100pct guaranteed, not even US Treasuries. It's misleading to even suggest any could be. But what the ad said from there is what made the ad disturbing. The ad of course had a qualifier. Do you see that little 4 in the text above ? It takes you to the qualifier "Guarantees are subject to the claims-paying ability of the issuing insurance company."

So in the space of a relatively small ad, and repeated on their [website](#), Fidelity was claiming that they could offer an investment that was guaranteed, **UNLESS they resold you an annuity product from a company that couldn't pay their obligations. In other words, Fidelity isn't smart enough to pick which companies will stay in business and they refuse to underwrite that risk of non payment themselves. In spite of this, they want to sell to unsuspecting individuals who trust the Fidelity name, annuity products that they are promoting as "guaranteed".**

That's disturbing. Fidelity, to quote Mark Jackson, "you are better than that". No financial company should be able to promote ANY investment as guaranteed. To have a company the size and reputation of Fidelity take this approach to selling their products is and will continue to be disturbing and it should be stopped.