

The History of Annuities

Annuities have a long history dating back to the Roman Era when they were used as a form of gratification for loyal soldiers. These early annuities were given to soldiers as a thank you for military service. The first mention of annuities is recorded before the birth of Christ.

In the United States annuities were first used by The Presbyterian Ministers Association as a retirement income for older ministers and their families. These annuities were funded by the church and were allowed to pass from the head of the household to a surviving spouse. These early vehicles were the foundation for future widows and orphans benefits.

Benjamin Franklin was an early supporter of the concept of annuities and in his will left two annuities to the cities of Philadelphia and Boston. The Boston annuity lasted until 1993 when the city officials voted to end the annuity and use the lump sum that remained.

Early trade between the colonies and England also involved annuities. Many annuity contracts were issued in England to benefit family members still residing there in return for raw goods shipped from the colonies. The annuity contracts were known as annuities and were very popular as a method of trade and safety. King Charles II even used an annuity to reward development of the Island of Martinique and Grenada prior to the concept of a fixed money standard.

During the Civil War, many annuities were awarded by the United States to military members in lieu of land ownership. The idea was supported by President Lincoln prior to his death as a method of assisting injured or disabled military personnel. After the Civil War, then President Grant rescinded many of these annuities on the grounds that the benefits far outweighed the contribution. A legal battle ensued and the Supreme Court heard the case a few years later and restored the benefits.

In early 1900s annuities were used in partnership with the sale of bonds because of the New York Stock Exchange collapse of 1903. The reason being the safeties of the bond issuers were often in question and an insurance company was a third party to help guarantee and provide future benefits. This stability allowed the country to help restore confidence in the financial sector.

At one time banks were also allowed to sell annuities and often times issued their own annuity products. During the financial turmoil of 1919 individual states set up rules making it illegal for banks to enter into annuity contracts unless the product was issued by an insurance company. This set the guidelines today for the absolute safety an annuity provides.

During the Great Depression annuity companies maintained their standards of safety and security. Many people's financial lives were kept intact because of the solid security an annuity provided.

One of the more famous stories is of the baseball legend Babe Ruth who invested 100% of his funds in annuities. His famous quote still resonates today... he said "I may take risks in life, but I will never risk my money, I use annuities and I never have to worry about my money."

Annuities provide today exactly what they provided nearly 300 years ago, safety, security and freedom from risk. If your money is important to you and it must provide an important benefit consider what many famous people have done, rely on annuities.