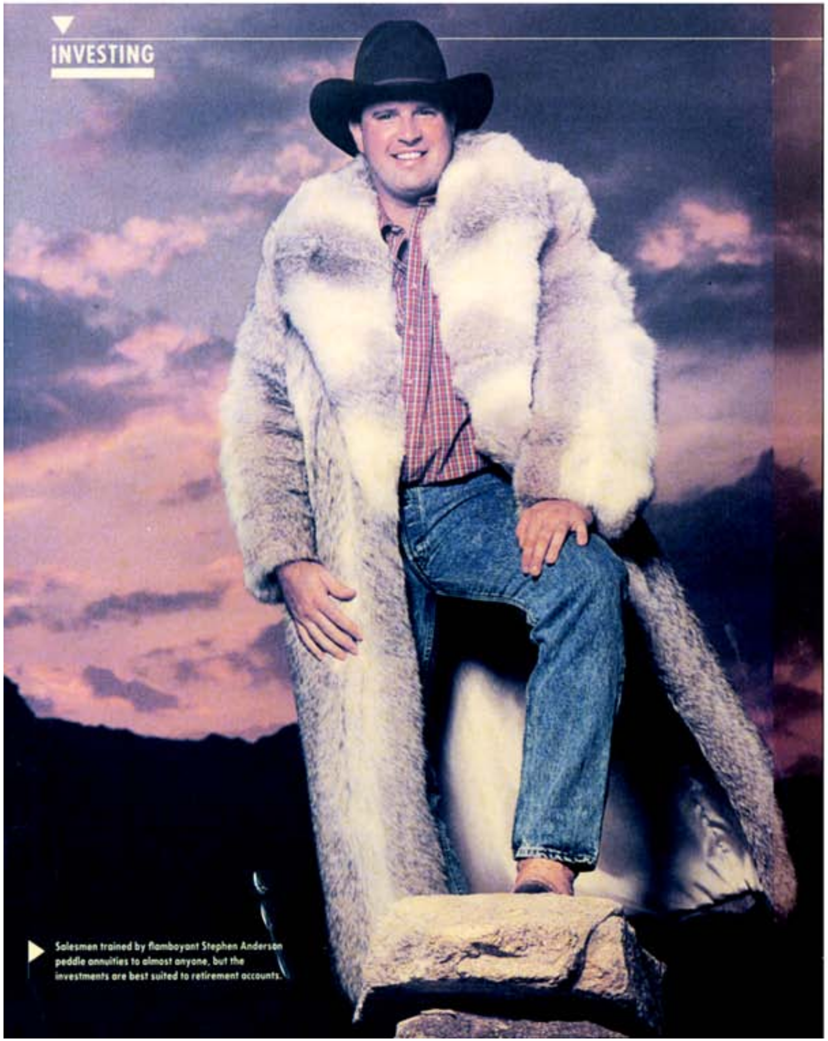
Money
NOVEMBER 1989 $2.95
How new rules on capital gains and IRAs can help you
EXCLUSIVE: Life styles of the rich and heinous



Salesmen trained by flamboyant Stephen Anderson peddle annuities to almost anyone, but the investments are best suited to retirement accounts.

The Cold Call Cowboy Says: "Annuities Beat Mutual Funds"

But that ain't necessarily so, pardner. High fees and stiff withdrawal penalties can ambush the unwary.

by Penelope Wang

Stephen Anderson, a master pitchman in Palm Springs Calif. who styles himself the "cold call cowboy," says he made $5 million selling fixed-income securities over the telephone. Business is still brisk. Only today he's roping in customers for audiotape cassettes at $39 to $249 a pop—$1 million worth since last October—that coach stockbrokeres in promoting tax-deferred annuities by phone as the last great tax shelter. "Avoid the word annuity in your initial phone call," Anderson advises students. "Just ask customers if they would like all their mutual fund gains tax deferred."

Tens of thousands certainly do. In the first half of 1989, variable-annuity sales hit $2.5 billion, up 16% from a year ago, as major mutual fund companies such as Colonial, Fidelity and Value Line joined forces with such well-known insurance companies as Hartford, John Hancock and Nationwide to promote the investments.