



# *The Commonwealth of Massachusetts*

HOUSE OF REPRESENTATIVES  
STATE HOUSE, ROOM 478, BOSTON 02133  
TEL: (617) 722-2520  
FAX: (617) 722-2813

**GALE D. CANDARAS, ESQ.**  
STATE REPRESENTATIVE  
12<sup>TH</sup> HAMPDEN DISTRICT

Assistant Majority Whip  
Floor Division Leader  
Committee on Ethics

[Rep.GaleCandaras@hou.state.ma.us](mailto:Rep.GaleCandaras@hou.state.ma.us)  
[gale@galecandaras.org](mailto:gale@galecandaras.org)

DISTRICT OFFICE:  
17 MAIN STREET  
WILBRAHAM, MA 01095  
TEL: (413) 599-4785  
FAX: (413) 596-3779

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**CONTACT:** Darlotte J. Gay  
(413) 599-4785  
(617) 722-2520  
[dgay@galecandaras.org](mailto:dgay@galecandaras.org)

## **HOUSE BILL EQUALIZES ANNUITY RATES**

**BOSTON**—A piece of legislation passed last week in the House of Representatives aims to correct a decades-long disparity in annuity policy rates in the Commonwealth.

“For too long, women have either paid bigger premiums than men for equivalent monthly annuity payments, or paid the same premium for smaller monthly annuities,” said State Representative Gale D. Candaras (D-Wilbraham), a co-sponsor of the bill. “This is in direct contradiction to the Equal Rights Amendment, which was ratified by Massachusetts voters in 1976.”

An annuity is a contract in which an insurance company, in exchange for premium payment(s), agrees to future payouts either as one lump sum or as a series of payouts over a period of time, often extending through the end of a person’s life. The premiums paid into an annuity, less applicable charges, grow tax-deferred until the insurance company begins making payments under the terms of the contract. Annuities are most often bought for future retirement income because only an annuity can pay an income that is guaranteed to last as long as one lives.

“An Act to Provide for Equitable Coverage in Annuity Policies” requires that state-regulated policies sold to residents of Massachusetts must be gender-neutral in all the terms and conditions of the contracts, including premiums and benefits. The bill makes illegal the current practice of charging men and women the same price for an annuity policy while granting women a lower monthly payout upon retirement, because of the expectation that women generally live longer.

Insurance industry arguments citing life-span statistics were widely dismissed as irrelevant by House members during floor debate. According to a fact sheet provided by

State Representative Ruth B. Balsler (D-Newton), the bill's chief sponsor, 84% of men and women have matched ages at death, with 8% of men dying earlier and 8% of women dying later.

“Clearly, all women, regardless of how long they live, are penalized with a reduced standard of living, while men are provided a larger monthly benefit, even though only 8% actually have a shorter life span,” stated Candaras. “We do not take into account the race or religion of the insured in determining payout rates, despite the fact that these factors are also significant predictors of mortality. To do so would be illegal and unacceptable, as is the gender-based system.”

Similar versions of this bill have been supported by women's rights groups for close to thirty years. Although the Senate was not able to act on the bill prior to the July 31 end-of-session deadline, Candaras said she will again support the legislation, should it be revisited.