I agree that a lifetime option is needed in defined contribution plans. Unless one can accumulate a vast amount of savings, it is extremely difficult to manage your savings to provide for 20+ years of retirement, with the wild market fluctuations. However, in light of the crisis with financial institutions, how many people have faith in purchasing an annuity through an insurance company? They do not have faith that the stream of income will be there.

When the stock market was rolling, I (and most of my acquaintances) thought a better return could be achieved by taking the lump sum, and investing in the stock market, rather than electing a lifetime stream option. Now I have reservations about both options - where to invest the lump sum or who will hold my annuity.

Since the government has to borrow, and the baby boomers are going to have the savings, why not have the Treasury sell annuities either within defined contribution plans or outside them in a rollover account. It would be a steady stream of borrowing for the government and a predictable liability.

The tough part will be for the government to manage the borrowings better than they have with social security. I am adamantly opposed to the government controlling public companies, but I would have no problem with a managed portfolio of investments similar to a defined benefit plan. This would also soften the drain from the stock market as the baby boomers withdraw funds.

Regards, Paul