Thomas E. Bartell
Vice President and
Assistant General Counsel

Filed Electronically

November 13, 2007

Office of Regulations and Interpretations
Employee Benefits Security Administration
Room N–5669
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210
Attn: Annuity Regulation

Re: Proposed Regulation – Selection of Annuity Providers for Individual Account Plans

Dear Sir or Madam:

The Hartford Financial Services Group, Inc. ("The Hartford") appreciates the opportunity to comment on the proposed regulation issued by the Department of Labor (the "Department") regarding the selection of annuity providers for individual account plans, published at 72 Fed. Reg. 52,021 (September 12, 2007) (the "Proposed Regulation").

We commend the Department on its efforts to reduce impediments to offering annuities as a distribution option within a defined contribution ("DC") plan.

Founded in 1810, The Hartford (NYSE: HIG) is one of the largest investment and insurance companies based in the United States, with offices in Japan, Brazil, Ireland, England, and the United States. With nearly 30,000 employees and $2.7 billion in income in 2006, The Hartford was ranked 78th on the 2006 Fortune 100 list. The Hartford is a leading provider of investment products – annuities, mutual funds, college savings plans – as well as life insurance, group and employee benefits, automobile and homeowners' insurance, and business insurance. The Hartford serves millions of customers worldwide – including individuals, institutions, and businesses – through independent agents and brokers, financial institutions, and online services. About 11,000 independent agencies and more than 100,000 registered broker/dealers sell The Hartford's trusted products. After nearly 200 years in business, The Hartford is known for its financial strength and stability, superior customer service, and continued operational excellence.

Our purpose in writing this letter is two-fold. First, we would like to share with you some market research highlights dealing with the importance to plan participants of having access to fixed annuity options. Second, we would like to make some observations and comments with regard to the proposed regulation.

Hartford Life Insurance Company
200 Hopmeadow Street
Simsbury, CT 06089
860 843 4587
860 843 6958

Mailing Address: P.O. Box 2999
Hartford, CT 06104-2999

Market Research

During 2006, The Hartford completed two market research efforts focused on participants' desire to purchase guaranteed retirement income. The two participant research studies consisted of a survey conducted by EMI Strategic Marketing and a series of focus groups led by Mathew Greenwald & Associates. The research was focused on a specific product, *Hartford Lifetime Income.*[1] However, on a broader scale, the research strongly supports the conclusion that retirement plan participants understand the need for lifetime income and highly value a plan investment option that allows them to purchase guaranteed retirement income.

More specifically, our research indicates that retirement plan participants have a basic understanding of longevity risk and the value of using annuities to insure against this risk. Along with health care costs and market volatility, not outliving their assets was a primary concern. Survey respondents and focus group attendees were familiar with receiving a regular paycheck and felt that it was critical to maintain a regular and reliable stream of income. They acknowledged that converting some of their retirement assets into a lifetime income stream would provide a form of spendthrift protection.

Respondents' recognized that the manifest volatility of investments posed an increased risk as retirement approached. They appreciated the features of a plan investment option that provides guaranteed retirement income and recognized that such an option could also be an effective tool to help reduce the risks of market volatility. They also appreciated that buying such guaranteed income in small, regular increments could provide significant dollar cost averaging benefits.

Summary of Survey Research

The survey was conducted by EMI Strategic Marketing. It surveyed 250 representative U.S. households on the topic of retirement income. Highlights of our survey findings include the following:

- 88% of those investing in a 401(k) were "Very/Somewhat Interested" in a 401(k) investment option that would provide guaranteed monthly income for life. Further analysis of the results shows that a guaranteed lifetime income investment option appeals to a broad range of individuals, regardless of age or education. Here are the results broken down by age and education:

Age			Education		
18-34	35-54	55+	< College	Bachelor Degree	Graduate Degree
92%	86%	69%	79%	87%	81%

[1] *Hartford Lifetime Income* is a deferred annuity product designed to function as a plan investment option. It allows participants to purchase fixed guaranteed retirement income during their working years. Subject to any plan rules, that retirement income is irrevocably guaranteed by Hartford Life from the time of purchase. Liquidity is provided until income payments start. Once a participant is eligible to receive a plan distribution, they have complete control over whether and when to start income payments.

- The average amount that 401(k) participants would allocate to a guaranteed investment option was 34%. This result clearly reflects participant recognition that, while guaranteed retirement income is a critical component of their retirement planning, they also need to maintain diversification in their portfolio of retirement investments. Again, the results further demonstrate a broad appeal for this type of investment option. The results by age and education are below:

Age			Education		
18-34	35-54	55+	< College	Bachelor Degree	Graduate Degree
31%	34%	36%	28%	31%	51%

Summary of Focus Group Research

The focus group study was conducted by Mathew Greenwald & Associates, a premier public opinion and market research company. The study consisted only of current 401(k) plan participants and the sessions were held throughout the country, to obtain a diverse sample. Among the key findings of the May 2006 study report were the following items:

The group(s) liked several aspects of [*Hartford Lifetime Income*]:

- The idea of guarantees and the peace of mind they offered
- The ability to be better able to plan expenses as they got older
- The ability to fund more painlessly through payroll deduction
- The concept of maintaining one's lifestyle

The focus group report showed strong interest across all age groups, education levels and degrees of investment knowledge. In addition, participants found the concept of a fixed guaranteed retirement benefit easy to understand and highly valued the certainty of the retirement income outcome. Below are representative quotes from focus group participants:

"To me, the guaranteed income would definitely play as a peace of mind and would give me some peace of mind knowing that I've got some sort of steady income, and I knew it was coming, and also it helps you with planning your expenses as you get older, knowing exactly what you're going to get."
- *Male focus group participant, 40-55 year old age group, Charlotte, NC*

"It is the first real [defined contribution plan] investment that you see that gives you a fixed income instead of relying on saving up and hoping that the money you save is enough to last."
- *Male, Orange County / 35-45 Year Old Category*

"You can see the numbers and you can feel like you can get there versus just putting your money out in the investment world and you don't know what you are going to get in the end. It just seems reachable."
- *Female, Orange County / 35-45 Year Old Category*

We would be happy to provide you with more complete information on both our survey and focus group results.

Observations and Comments on the Proposed Regulations

1. *The Hartford supports the comments of the Committee of Annuity Insurers and the American Council of Life Insurers.*

   The Hartford is a member of both the American Council of Life Insurers ("ACLI") and the Committee of Annuity Insurers ("CAI"). We participated in the preparation of the comment letters submitted by the ACLI and the CAI and support the comments of both organizations.

   In particular, we believe it is critical that the Department's final regulation make it very clear that the general fiduciary standard applicable to the selection of an annuity provider is the same general fiduciary standard that would apply to the selection by a plan fiduciary of any plan investment option or any plan service provider. It is our firm belief that the retention of any standard, other than the general fiduciary standard, will greatly reduce the number of plan fiduciaries that will be willing to provide their participants with the option of purchasing guaranteed lifetime retirement income.

2. *The final regulation would be improved if it more clearly recognized and acknowledged that, within the context of a defined contribution plan, the decision to invest in a payout annuity is a participant investment decision, largely indistinguishable from that of other participant investment decisions.*

   For the vast majority of defined contribution plans, the primary distribution mode is either a lump sum payment or a rollover to an individual retirement account. When a plan offers alternate distribution options, such as an annuity or some form of systematic withdrawal, it is invariably a participant decision to use these alternatives. There should be some reference in the final regulation or its preamble to acknowledge this fact.

   As with any other defined contribution plan investment option, the selection of a particular provider remains a fiduciary decision subject to the general fiduciary standards of ERISA. However, in the typical defined contribution plan the actual decision to invest in the annuity of the selected provider is made by the individual plan participant.

   The Department should clearly acknowledge that the general statement of the plan fiduciary's overall fiduciary obligation is not intended to imply unavailability of any other protections which may be available with respect to a participant's exercise of investment direction over his or her plan account.

   This is especially true as, a participant's options are not limited to one of purchasing or not purchasing the annuity from the annuity provider selected by the plan fiduciary. When benefit eligible, a participant may elect to rollover some or all of his plan account balance to an insurer he selects for investment in an individual retirement annuity which provides the opportunity for annuity payouts.

3. *The Department should consider the importance of providing participants with appropriate information so that they can make an informed decision with regard to investing in a payout annuity.*

   A payout annuity, especially a fixed payout annuity, is fundamentally a highly conservative investment vehicle that is uniquely designed to meet the basic retirement income needs of a person at or nearing retirement age. In particular, it is the only generally available investment vehicle that provides a known amount of retirement income that is guaranteed for life. However, a decision to invest in a payout annuity does involve some considerations that are not typically present in other investment decisions.

   It would be appropriate for the Department to consider guidance as to the type of information and education plan fiduciaries should consider providing participants to assist in their decision whether to invest in a payout annuity.

   When a plan fiduciary has selected an income annuity product to be used as an investment or distribution option, that information could include a discussion of the specific product features and the factors a participant should consider in deciding whether to invest in the annuity.

   The goal of such a requirement would be to assure that each participant has sufficient information, consistent with the overall requirements of §404(c), to make the investment decision to purchase an annuity through his or her employer's plan.

We appreciate the opportunity to provide these comments and would be happy to provide additional information.

Very truly yours,

Thomas E. Bartell