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**To:** EBSA, E-ORI - EBSA

**Subject:** RIN 1210-AB33

I believe the proposal to mandate lifetime income features for defined contribution (DC) plans is misguided for the following reasons:

- The proposal fails to address two of the biggest problems of DC plans and reasons why they fail to provide retirement security: a) inadequate fiduciary oversight, b) high fees and c) no investment advice for participants. I encourage you to read the work done by Matthew D. Hutcheson. (See attachments.) Hutcheson has previously testified before Congress about these issues. DC plans need greater transparency, participant advice sound and sound, low cost investment options. Instead, the DC industry (mutual funds, brokers firms and insurance companies) attempt to maintain the status quo by offering only product-based answers (annuities, age-based investment portfolio options, GICs, etc.) and cookie-cutter participant educational materials. What's needed is reform, not more proprietary product.
- DC participants already have access to lifetime income solutions. They simply take a lump-sum distribution at retirement and roll the proceeds into an annuity of their choice from a provider of their choice.
- Annuities are not the panacea the insurance industry would like everyone to believe. Firstly, annuities are only as good as the insurance company. (Remember AIG, formerly one of the largest US insurers.) Secondly, annuities can have inordinately high expenses – in order to pay high commissions to the selling agent/broker. (Consider the ongoing controversy over aggressive sales tactics employed to sell equity-indexed annuities to seniors.) A 2009 study conducted by Cerulli Associates showed that only 20% of Registered Investment Advisors (these are fiduciaries) would consider annuity products for rollovers; by contrast, non-fiduciary brokers/agents were much more inclined to use them. Could it be the commissions?  
(<http://www.investmentnews.com/apps/pbcs.dll/article?AID=/20090501/FREE/905019993&ht=rias> least likely to use annuities)

Question #2

Participants want freedom to choose: annuitized lifetime income or not.

Questions #3, 6

All participants who have the ability to do a rollover can obtain lifetime income solutions by purchasing annuities.

Questions #11, 18, 20

DC plans should provide for participant "advice" from an investment advisor to address these issues. The delivery of advice from a fiduciary advisor will address behavioral issues.

Question #17

Something that is needed is full disclosure of fees and conflicts of interest.

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