
From: Robert OConnor [mailto:rpatocconnor@yahoo.com]
Sent: Friday, February 05, 2010 6:15 PM
To: EBSA, E-ORI - EBSA
Subject: RIN 1210-AB33

To: Employee Benefits Security Administration
From: Bitter Senior Citizen

I notified many of my fellow bitter citizens on behalf of your RFI. I received the following attachment along with the following assessment from one of these folks. I want to share these items with you:

Thanks for the excerpt from the Rome paper. The author and I share the same sentiment about this plan. It might be a bitter pill to swallow though to liquidate one's whole nest egg -- the taxes would take at least half of it. I just don't believe that the Republicans would ever allow this to happen. However, this plan has snuck under the MSM radar and unless people understand what's going on, the Dems could possibly get it through.

I downloaded and read the Treasury/Labor Dept.'s RFI and found a few worrisome tidbits I'd like to share with you.
Pp. 3 para B. Request for Information.

"The purpose of this notice is to solicit views to assist the Agencies in evaluating what steps, if any, they could or should take, by regulation or otherwise, to enhance the retirement security of participants in employer-sponsored retirement plans and IRAs by facilitating access to, and use of, lifetime income or other arrangements designed to provide a stream of lifetime income after retirement."

This opening paragraph clearly illustrates the intent for a "cram down their throats" approach. In fact, that's the overarching theme of the whole solicitation. They are clearly hell-bent to enact this lifetime income stream approach. I noticed they also alluded to some exotic structure instruments that may be considered in their implementation.

General

6. What types of lifetime income or other arrangements designed to provide a stream of income after retirement are available to individuals who have already received distributions from their plans (out-of-plan options), such as IRA products, and how are such arrangements being structured (fixed, inflation adjusted, or other variable, immediate or deferred, etc.)? Are there annuity products under which plan accumulations can be rolled over to an individual retirement annuity of the same issuer to retain the annuity purchase rights that were available under the plan?

Here they even refer to rollover IRAs that current retirees have taken withdrawal distributions from. The implication is they would like to clawback those IRAs for the purpose of conversion to a lifetime annuity. This really sucks.

11. Various "behavioral" strategies for encouraging greater use of lifetime income have been implemented or suggested based on evidence or assumptions concerning common participant behavior patterns and motivations. These strategies have included the use of default or automatic arrangements (similar to automatic enrollment in 401(k) plans) and a focus on other ways in which choices are structured or presented to participants, including efforts to mitigate "all or nothing" choices by offering lifetime income on a partial, gradual, or trial basis and exploring different ways to explain its advantages and disadvantages. To what extent are these or other behavioral strategies being used or viewed as promising means of encouraging more lifetime income? Can or should the 401(k) rules, other plan qualification rules, or ERISA rules be modified, or their application clarified, to facilitate the use of behavioral strategies in this context?

Here they want to use slick marketing persuasion or flat out rule changing to force the lifetime annuity option upon the sheeple.

12. How should participants determine what portion (if any) of their account balance to annuitize? Should that portion be based on basic or necessary expenses in retirement?

Yeah how about a zero portion, is that an option? Of course not.

13. Should some form of lifetime income distribution option be required for defined contribution plans (in addition to money purchase pension plans)? If so, should that option be the default distribution option, and should it apply to the entire account balance? To what extent would such a requirement encourage or discourage plan sponsorship?

They clearly don't get it. People don't want the gov't to get their hands on their own hard-earned nest egg. Period! They as much say that this program is a hard sell. Why are they so intent on making this happen? Well Obama has roughly \$1.8 T of debt to finance this year, and the last auction had zero indirect bidders. That's right Nada - no foreign sovereign bankers stepped up to the plate this time. So Uncle Sam has been looking around for some suckers to purchase his debt. And guess who he found -- you and your 401Ks/IRAs.

Participant Education

28. How do the minimum required distribution rules affect defined contribution plans sponsors' and participants' interest in the offering and use of lifetime income? Are there changes to those rules that could or should be made to encourage lifetime income without prejudice to other important policy objectives? In particular, how are deferred annuities that begin at an advanced age (sometimes referred to as longevity insurance) affected by these rules? Are there changes to the rules that could or should be considered to encourage such arrangements?

Here they want to change the Minimum Required Distribution rules on 401Ks/IRAs to make those less appealing than the lifetime annuities. I've even heard in other blogs that they are contemplating zero taxes on the first \$10K of the annual lifetime income stream to discourage the use of MRDs (which are fully taxable).

38. Would making a lifetime annuity or other lifetime income product the default form of benefit payment have an impact on employee contribution rates? If so in which direction and why?

Tell us more about this other lifetime income product you have in mind. Would this not be your infamous R bond? Yeah, full disclosure of your plans most probably would result in most people shunning all employee contribution plans in the future.

Everybody who has read the RFI needs to get the word out fast to all their friends and families. Perhaps with enough outrage directed at the EBSA, we can turn this thing around.

Yours Truly,

Bitter Senior Citizen