

-----Original Message-----

From: Dillon Pyron [<mailto:dmpyron@austin.rr.com>]

Sent: Tuesday, May 04, 2010 4:45 PM

To: EBSA, E-ORI - EBSA

Subject: RIN 1210-AB33

Regarding this request, certain workers are capable of making investment decisions that produce returns greater than "market". The question raised here indicate an interest in taking the ability away from these individuals, penalizing them for the inability of others to make wise investment decisions or their unwillingness to invest in their retirement at all. This is currently being addressed by many employers in the form of "default contribution elections" and "default investment decisions".

The major failings in defined benefit plans are the unwillingness or inability of employers to contribute sufficiently to the plans and the failure to make sufficiently "aggressive" investments. Aggressive does not mean risky but rather investments that might produce income in excess of inflation. With current interest rates at or below 1%, many of these plans are unable to make enough money to cover their own expenses.

Defined contribution plans offer their own risks. Incorrect investment decisions can result in lost value. But prudent investments can reduce the risk, although these same decisions may also reduce the gain (nothing ventured, nothing gained). However, the wise investor can recognize certain events as likely to occur and change philosophies in time. Not "market timing", which is definitely a risky policy, but saying "hmm, it looks like we've gone over the top and are headed down. We've lost 10% in the last 2 months." Or "looks like we've bounced for keeps. The markets have made a steady climb over the last 4 months".

Many people have been burned over the last 5 years because they choose to buy on credit instead of save. In addition, many people elected to make long term decisions based on a short term environment. In early 2007 many people were already proclaiming the imminent real estate implosion.

If an individual elects to let the government make investment decisions, I believe that should be done. But if an individual chooses to make her/his own decisions, that also should be available.

I do not believe the government is capable of making accurate decisions on issues such as return or anticipated life expectance. Enough so that a truly adequate benefit can be provided to allow the individual to live in a "life style to which I have become accustomed".

Finally, I am concerned about the ability of Congress to preserve these investments, much as has been done with Social Security. Our biennial reports show pay outs that I don't believe to be realistic. They seem to anticipate income from investments that is not likely to be there. The only way this amount can be paid is if the amounts "borrowed" are returned to the trusts, which is not likely to happen without

significant borrowing. Borrowing that will increase inflation and lower the true spending value of the Social Security pay out.

The questions proposed here indicate an interest in plan that would reduce my ability to adequately cover future expenses. A guaranteed payment of, as a simple example, \$1000 per month might, in ten years, only be the equivalent of \$750. Many investment advisors suggest expenses of between 65 and 75% of current expenses be anticipated. However, some advisors then correct this for anticipated inflation. But a life time annuity can not correct for this. If the above example covered at the 75% rate, this would only amount to about 56% of expenses.

Respectfully,

Dillon Pyron, RT(R)
Support Corgi Rescue <http://www.corgiaid.org>

We should cherish our friends as the rarest of jewels. - J. R. Miller