

August 13, 2010

Office of Regulations and Interpretations
Employee Benefits Security Administration
Department of Labor

Attn.: Lifetime Income Joint Hearing

Dear Sir or Madam:

We request the opportunity to present at the forthcoming joint hearing addressing specific issues relating to lifetime income after retirement for participants in retirement plans. In particular, we would like to address issue 5 on your list of issues included in the notice of the hearing, that is, on alternative designs of lifetime distribution options. The main source of information in our presentation will be the results from several of our research studies, whereby the advantages and disadvantages of various product and strategic solutions to lifetime income distributions will be shown. The following outline gives the main points of our proposed presentation, with time allocations also indicated; references to the source material are also shown below.

Outline:

1. Full Use of Fixed Immediate Life Annuities at Retirement (2 ½ minutes)
 - a. Advantages
 - i. Mortality Risk Hedged
 - ii. Simplicity of Approach
 - iii. Fixed Income Flow
 - b. Disadvantages
 - i. Lack of Liquidity
 - ii. Risks Not Hedged: Inflation, Insurer Solvency, Uninsured Health and Long-term Care Spending
 - iii. Market Timing – Pricing Uncertainty
 - iv. Adverse Selection
2. Alternative Product Solutions (5 minutes)
 - a. Inflation-Indexed Immediate Life Annuities
 - b. Variable Immediate Life Annuities
 - c. Systematic Withdrawals from a Portfolio of Mutual Funds
 - d. Variable Annuities with Guaranteed Minimum Withdrawal Benefits
3. Alternative Strategy Solutions (2 ½ minutes)
 - a. Combinations of Fixed Life Annuities and Systematic Withdrawals
 - b. Particular Consideration for Uninsured Health and Long-term Care Spending

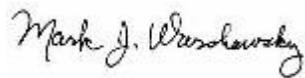
References:

Mark Warshawsky, "Recent Developments in Life Annuity Markets and Products," *Benefits Quarterly*, Second Quarter 2007, 23(2), pp. 46 – 57.

Gaobo Pang and Mark Warshawsky, "Comparing Strategies for Retirement Wealth Management: Mutual Funds and Annuities," *Journal of Financial Planning*, August 2009, 22(8), pp. 36 – 47.

Gaobo Pang and Mark Warshawsky, "Optimizing the Equity-Bond-Annuity Portfolio in Retirement: The Impact of Uncertain Health Expenses," *Insurance: Mathematics and Economics*, January 2010, 46(1), pp. 198 – 209.

Sincerely yours,



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