



LAW DEPARTMENT  
THE LINCOLN NATIONAL LIFE INSURANCE COMPANY  
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VIA Electronic Mail  
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Office of Regulations and Interpretations  
Employee Benefits Security Administration  
Attn: Lifetime Income Joint Hearing

Re: Lifetime Income Joint Hearing / Request to Testify

Dear Sir or Madam:

Lincoln Financial Group ("LFG") has participated in the retirement plan marketplace for over 50 years. We have been a leader in developing lifetime income solutions for defined contribution ("DC") plans, including a product that was the subject of a Private Letter Ruling that we requested in August 2005 and received in September of last year, i.e., PLR 200951039. That PLR concerns a product named i4LIFE® Advantage ("i4LIFE") for "income for life." We continue to develop other products for the DC marketplace and respectfully request the opportunity to testify at the Hearing on Certain Issues Relating to Lifetime Income Options for Participants and Beneficiaries in Retirement Plans to be held on September 14 and, if necessary, September 15, 2010. To ensure receipt of this request, I have included it in the body of our email submission as well as attaching it hereto.

If this request is granted, Eric S. Levy, Vice President, Head of Defined Contribution Products will be LFG's witness. He will testify on the following three topics of the five listed in the Notice of hearing.

1. Certain Specific Participant Concerns Affecting the Choice of Lifetime Income Relative to Other Options. (Three minutes.)
  - a. Inflation risk – Use of variable annuities invested in equities can alleviate inflation concerns associated with fixed annuities and can also provide "floor" and other benefit guarantees.
  - b. Products have been designed with reasonable and simple fee structures such as LFG's i4LIFE.
  - c. Products have been designed which provide for withdrawal options and death benefits until a plan participant reaches an advanced age, such as age 85. Until that age is reached, the participant may withdraw some or all of his account balance. While such partial

withdraws will reduce the lifetime income amount currently being received, there is no penalty.

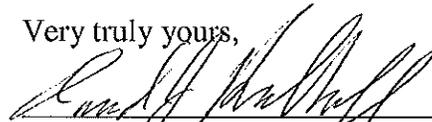
- d. The long-term viability of the issuer of the lifetime income benefit annuity is enhanced by the regulatory regime imposed on insurers by state insurance departments and could be enhanced by encouraging state guarantee funds to include lifetime income annuities issued in connection with DC plans and provide some coverage for variable annuities.

2. Fiduciary Safe Harbor for Selection of Lifetime Income Issuer or Product. (Three minutes.)

- a. The criteria applicable to the selection by a plan sponsor of a lifetime income product provider should be objective and easily determined. The applicable regulations at 29 CFR 2550.404a-4 should be changed as follows:
  - i. The requirement in Subsection (b)(2) should be eliminated since, as a practical matter, a plan sponsor cannot make the determination about the claims paying ability of the issuer without engaging an outside expert. This matter could as easily be determined by the standing of the insurer in its domestic (home) jurisdiction (state) and by reference to readily available private industry ratings.
  - ii. The requirements in Subsection (b)(4) & (5) should be eliminated for the same reasons noted in i. immediately above. It should not be necessary for a plan sponsor to engage an expert to make a determination for which objective criteria are readily available.
- b. We do not believe that different criteria should be applicable based on the size of the plan since the fiduciary responsibility and the importance of this matter to plan participants is the same for large and small plans.
- c. Different criteria should apply depending on the type of lifetime income product with acknowledgement that only insurers can offer a product guaranteed by the insurers' solvency.
- d. As noted above in Item 1.d., the Department of Labor could encourage state insurance guarantee associations to include annuities issued in connection with DC plans. We believe that the current state insurance company regulatory regime, along with private industry rating regimes, provides sufficient standards regarding solvency of insurance companies and additional standards from the Department of Labor are not needed.

- e. The safe harbor should only be provided to other lifetime income options if those options provide the same solvency guarantees provided by insurers who issue annuities.
3. Alternative Designs of In-Plan and Distribution Lifetime Income Options.  
(Four minutes.)
- a. The required use of unisex mortality tables for DC plans provides a distinct disincentive for males to use in-plan lifetime income options compared to out-of-plan annuity options.
  - b. Use of multiple insurers in a single product to fund a plan will help alleviate plan sponsor and participant concerns about the long-term viability of a single insurer.
  - c. Use of financial products, such as target date funds, that provide at a predetermined participant age for a certain portion of contributions to be used periodically (over 15 years or so) to purchase an annuity benefit. While a participant will be aware of this later annuity purchase when he first elects the target date fund as his investment option and will at any time prior to the actual purchase of an annuity benefit be able to opt out and avoid such a purchase, the periodic annuity purchase will happen automatically until the participant chooses another investment option.

Very truly yours,



David J. Kolhoff, Senior Counsel