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**Sent:** Wednesday, May 15, 2013 8:50 AM  
**To:** EBSA, E-ORI - EBSA  
**Subject:** Lifetime Income Illustration Comments

The requirement of lifetime income illustrations is problematic for small plans (i.e., those under 100 lives) for a variety of reasons.

The projection of contributions, regardless of assumptions used, will undoubtedly produce a result that bears no resemblance to what will eventually occur. Small plans vary in contributions from year to year. The inherent design of a small plan places emphasis on flexibility in employer contributions, to weather any economic climate. While employees have the ability to determine their rate of contribution, they may be influenced by such things as the rate of employer match. In a bad economy, an employer may choose to reduce or eliminate matching contributions.

Profit sharing contributions vary widely from year to year in small plans as they can reflect the current business environment, the health of the organization, or just a decision to re-invest rather than provide a contribution. Working with hundreds of small plans, we see the effect of such variables.

From a logistical and cost perspective, requiring a quarterly, or even annual, income illustration could be extremely difficult and cost-prohibitive. While some small plans use providers that could enhance their systems to automatically produce these statements, many do not. For those that use individual brokerage accounts, the investment providers currently do not collect any information that would assist in preparing these statements. That would leave the projection to a third party. Such third party would need to collect the information on each participant from multiple sources, input data (as account information in such situations is rarely provided electronically), output statements and then provide these to participants. Clearly there would be a cost in doing this.

If DOL believes that providing lifetime income illustrations would be beneficial to all participants, I suggest that the requirement for small plans be that they provide a link to the DOL website that provides the calculator. There, the participant could enter all their own information and assumptions. The calculator should include the ability to input information from various sources (including other qualified plans, personal savings and IRAs) and with different characteristics (Roth, pre-tax, etc.). The tax status of the benefit at retirement could be a substantial issue for those who have both pre-tax and after-tax monies. Additionally, since we know that people change jobs frequently (and portability of retirement plan accounts has been an issue), there should be an ability to consolidate all of each person's savings (and perhaps savings for spouses who have their own investments) in one place in order to provide a more accurate projection (which could include projected Social Security benefits). If the DOL provided this location, and allowed each participant to input his or her own assumptions (perhaps with some default assumptions available), a more realistic projection would be realized.



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