

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

From: John Metcalf [<mailto:metcalfj@mvn.net>]

Sent: Tuesday, February 02, 2010 12:13 AM

To: EBSA, E-ORI - EBSA

Subject: RIN 1210-AB33

re: RIN 1210-AB33

Please consider these comments in regard to the abjectly vile proposals under consideration at DOL and Treasury in regard to conversion of 401 K plans into annuity-like products.

1) The reason people don't annuitize during the accumulation phase of 401 K and IRA participation is that historically, this would be the worst possible decision. One would surrender all flexibility for what is a guaranteed future payment of unknown nominal and real value. Simply put, the payout of an annuity can only be calculated on the basis of annuitant's age at first payment and value of funds in the account. A worker who does not know when s/he will retire nor their funds available at that point would be locking up their wealth in exchange for an unknown future payment. The company that holds the pension funds would charge for this "service" and for the "guarantee", lowering returns below market rates.

2) In order for a pension company to guarantee an income stream, it invests heavily in Treasury bonds. With interest rates at historical lows, there are high odds that the underlying investments will lose value when interest rates normalize. Thus, 401 k participants would be pushed into a poor investment.

3) There can be no guarantee that the value of eventual payments will not be diminished, or even eliminated, by future inflation.

4) It is not the proper function of Treasury nor Department of Labor to steer 401 k participants into any particular investment by requiring a "default choice" of investment vehicles. Please note that "default" has two meanings.

5) This is a thinly disguised attempt to dump Treasury bonds on the American people, occasioned by lack of buying interest from China, Japan, and other nations during a time when Treasury will borrow massively. As Treasury borrows ever more, interest rates will rise, diminishing value to the bondholder.

6) Department of Labor should be soliciting comments on whether there should continue to be a Department of Labor. Its initiatives, including this one, are malevolent. It seeks to stir up class warfare. It publishes heavily massaged statistics which are grossly inaccurate. It compels public funding of what is essentially a political agenda. Department of Labor needs to be abolished before it can advance this, or any of its other work products.

Sincerely,

John C. Metcalf
15210 N. Morton Lane

Mt. Vernon, IL 62864

cc: Representative John Shimkus
Senator Roland Burris
Senator Dick Durbin