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**From:** Joanne Fendell [mailto:joanne.fendell@gmail.com]

**Sent:** Tuesday, February 02, 2010 10:31 AM

**To:** EBSA, E-ORI - EBSA

**Subject:** RIN 1210-AB33 Annuitization of 401(k) plans

I believe that making the purchase of annuities the default distribution option for 401(k) plans would reduce participation in 401(k) plans as well as drive up the cost to administer them. I know that I would reduce my contribution to my 401(k) plan to the amount that my employer matches, and save the rest, foregoing the ability to defer about \$15,000.

If I wanted an annuity, I would buy one. I did buy a variable annuity for about \$150K a couple of years ago. Fortunately, I left it in money market equivalents and did not take a hit when the market declined last year.

As one who has a substantial share of her retirement savings in Roth IRAs, there are few advantages to annuities for me. The only way that annuities could be sold is if a certain income was guaranteed, given participation for a certain length of time. 401(k)s were sold as a flexible option. A "do-it-yourself" annuity is possible for a person who is disciplined by withdrawing so much from their retirement account annually or monthly.

For many people, their 401(k) balances may be far too low to make an annuity a significant stream of income. Suppose that someone retires with \$100K in their 401(k). The annuity would provide an income of about \$600 a month at age 65 at an interest rate of 3.75%. Shown this, people might well think that there is no point to saving for retirement, and that they are on the "work until you die" plan.

Sincerely yours,

Joanne Fendell, P.E.