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From: KEN Harris [<mailto:KHARRIS@epic1st.com>]

Sent: Wednesday, February 03, 2010 11:22 AM

To: EBSA, E-ORI - EBSA

Subject: Comments on Lifetime Income Options for Plan Participants

The advantages and disadvantages of distributing benefits as a lifetime stream of income both for workers and employers, and why lump sum distributions are chosen more often than a lifetime income option.

~ The sole benefit to this method is that it gives a income stream that is consistent. Clients can build a life that is set to a fixed income and plan accordingly (assuming that the ins company pays what they said they would pay). Many people like that.

~ Disadvantage is that most of these products are really expensive and pay high commissions. The client is sacrificing potential for good returns in exchange for "piece of mind" consistent performance.

~ Generally, clients are taking lump sum distributions because they are seeking guidance from a professional and the pro tells them to take the lump sum so they can manage it and combine the assets with the clients other assets and have full control.

1 The type of information participants need to make informed decisions in selecting the form of retirement income.

~ Generally, clients will never take the time or effort to educate themselves. The options are too confusing and/ or complex for 99% of the people out there. And, most people don't care enough or figure it isn't worth trying to figure out.

1 Disclosure of participants' retirement income in the form of account balances as well as in the form of lifetime streams of payment.

~ If a life time stream of income is an option, it would need to be aggressively sent to clients that this is a "life time" option and should be treated as a life time choice. Moving in and out is not a good idea and should be avoided at all costs. Old School DB plans were great because clients never knew anything and didn't want to know anything, they had no control and never had the opportunity to mess it up.

~ We will never educate or prepare our populous for proper control, so therefor we must seek to make it as hands off as possible.

1 Developments in the marketplace that relate to annuities and other lifetime income options.

~ Annuities and lifetime options are becoming better, but with the collapse of the mega insurers in the last 2 years, many annuities shops are reeling in the tactics and their products have become much more conservative and returns are severely lacking. Basically, these options are still way too confusing and expensive. I mean come on, the ins company is guaranteeing 3.5% and you know they're pulling down over 6%. that is 2.5% in undisclosed fees! Plus they are usually hammering the employer with billables north of \$3-5,000.

Pension and 401(k) is the wild west. If the gov't is serious about fixing it, there needs to be a complete system overhaul and real

industry experts need to be brought in. People that understand annuity and mutual fund fee make up. People that understand process and available options (Administration and record keeping systems and ongoing due diligence, plan document strategies, taxation, hard dollar vs soft dollar fees, etc).

These questions just illustrate how far off the gov't is in their research.

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>>> JEAN DAILEY 2/3/2010 8:17 AM >>>
From CCH On-line Research Service:

NEWS, DDU, ¶97F Labor Department Seeks Comments on Lifetime Income Options for Plan Participants; Labor Department News Release No. 09-1571-NAT, February 2, 2010 (Submitted to CCH online (Feb. 03, 2010))

Labor Department Seeks Comments on Lifetime Income Options for Plan Participants; Labor Department News Release No. 09-1571-NAT, February 2, 2010

The Labor and Treasury Departments have issued a request for information (RFI) soliciting public comments to assist the Agencies in determining what steps to take to enhance retirement security for workers in employer-sponsored retirement plans through lifetime annuities or other arrangements that provide a stream of income after retiring.

WASHINGTON - The U.S. Departments of Labor and the Treasury today announced the publication of a request for information (RFI) soliciting public comments to assist the agencies in determining what steps to take to enhance retirement security for workers in employer-sponsored retirement plans through lifetime annuities or other arrangements that provide a stream of income after retiring. The RFI appears in today's edition of the Federal Register.

"Today's initiative is particularly important given the shift from defined benefit plans that offer employees lifetime annuities to 401(k)

and other defined contribution plans that typically distribute retirement savings in a lump sum payment," said Phyllis C. Borzi, assistant secretary for the Labor Department's Employee Benefits Security Administration.

The RFI seeks comments on a broad range of topics, including:

1 The advantages and disadvantages of distributing benefits as a lifetime stream of income both for workers and employers, and why lump sum distributions are chosen more often than a lifetime income option.

1 The type of information participants need to make informed decisions in selecting the form of retirement income.

1 Disclosure of participants' retirement income in the form of account balances as well as in the form of lifetime streams of payment.

1 Developments in the marketplace that relate to annuities and other lifetime income options.

Written comments responding to the lifetime income RFI may be addressed to the U.S. Department of Labor, Office of Regulations and Interpretations, Employee Benefits Security Administration, N-5655, 200 Constitution Ave. NW, Washington, DC 20210, Attn: Lifetime Income RFI. The public also may submit comments electronically by email to E-ORI@dol.gov or through the federal e-rulemaking portal at <http://www.regulations.gov>.

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