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To: EBSA, E-ORI - EBSA

Subject: RIN 1210-AB33

Gentlemen,

I oppose the government plan to use funds in retirement accounts (such as those in IRA, 403b,401k accounts) for the purchase of a lifetime annuity. My objections are based upon the following reasons:

1. The plan contemplates making the conversion to retirement funds compulsory. This is in effect a confiscation of the funds taxpayers have accumulated for their own uses. Such uses may include retirement or passing the funds on to beneficiaries.  
It is not for the government to decide how individuals should use their funds.
2. The government proposes exchanging taxpayer savings accounts for a payout. However the government could change the terms of the payout simply by passing a law much in the same way that the government has changed the terms of social security payouts. Even if the plan were voluntary this would still be a problem.
3. It is obvious that the government's plan is a device to obtain large amounts of money to cover current expenses and that it is likely (actually absolutely certain!) that the funds will be spent rather than being invested. Any legal restriction on the use of the funds could be circumvented by legislation. The plan is very reminiscent of how the government has used social security funds to disguise deficits in the budget. One result of that policy is that that there claims that there is no money to pay benefits and that the funds in the 'trust fund' are not really available (a position taken by many of the faculty of the University of Chicago Booth Business School).
4. The government has no way to constructively invest the vast amount of money involved. Even investing it in an index will greatly distort the market. And whoever the government chooses as an investment agent will reap an enormous commission windfall. Moreover the insider knowledge of the details of the investing will provide the government investing agents with valuable information which will undoubtedly be used for their own enrichment at the expense of the taxpayer.  
Investing in treasury paper is an even worse idea because treasury paper provides a very low yield which would be made even lower (because the increased demand would drive up the price) as a consequence of the purchases. One other effect would be to suppress interest rates for treasury paper which would also lower the income for people living on fixed income investments. In effect the government would be taking money from retired people to lower the government's cost of borrowing.
5. This program would create a new and very large and expensive government program. Its administration would initially involve

startup errors which would result in unfair denials of benefits (look at the veterans administration for an example).

6. Finally there is no need for the program from a taxpayer point of view. If individuals need assistance with their retirement then this could be addressed in the context of social security. No one will see this program as anything other an attempt by the government to confiscate private funds.

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