

PUBLIC SUBMISSION

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Request for Information Regarding Lifetime Income Options for Participants and Beneficiaries in Retirement Plans

Comment On: EBSA-2010-0007-0001

Request for Information Regarding Lifetime Income Options

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Comment on FR Doc # N/A

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General Comment

I have been responsible for growing a business from the ground up until we had 30 employees. One tool we used to attract employees was a 401(k) plan for which the company provided an aggressive contribution (up to 10% of the employee's salary).

Based on this experience, I would like to provide three points for your consideration on why I think the proposal to enforce a "lifetime income" option is a bad idea.

1. My employees already have a "lifetime income" plan: Social Security. Understanding that there are other insurance components of the cost, between the employee and employer contributions my employees are already "investing" more than 10% of their compensation, i.e. the majority of their retirement savings, into a "lifetime income" plan.
2. One key benefit of the 401(k) for the employer is specifically denigrated in the RFI, namely that "participants in defined contribution plans bear the investment risk". This RFI seems to assume that by issuing a regulation employers will be forced to return to "defined benefit" plans...however I can assure that this will instead lead to employers not providing retirement plans at all, particularly given the almost weekly news of the trouble that large pension funds are experiencing. There is no way that I as an employer would ever take the risk of assuring a defined benefit stream for life in the current uncertain economic environment.
3. Shifting from defined contribution to defined benefit effectively shifts the burden of funding retirement from the old to the young...if a company needs to put funds into a retirement fund to support a defined benefit, that's a future employee who will be fired because the company cannot make payroll. The current funding model for Social Security and our national debt already penalize my children. This regulation would penalize my children in two ways: both in the lack of future opportunity, as well as my inability to pass on excess savings.

Thank you for the opportunity to comment.