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FILED ELECTRONICALLY

Office of Regulations and Interpretations
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue, NW, Room N-5655
Washington, DC 20210
Attention: Lifetime Income RFI

*Re: RIN 1210–AB33: Request for Information Regarding Lifetime Income Options for Participants and Beneficiaries in Retirement Plans*

Dear Sir or Madam:

Genworth Financial, Inc. ("Genworth") is pleased to respond to the Request for Information Regarding Lifetime Income Options for Participants and Beneficiaries in Retirement Plans ("RFI"). We commend the Departments of Labor ("DOL") and Treasury ("Treasury") for examining vital issues surrounding guaranteed lifetime retirement income ("guaranteed income") and the management of retirement assets, and for providing an opportunity to explore options to make guaranteed income features a more integral part of retirement plan design. Greater availability and use of guaranteed income products will help address one of the most challenging domestic issues facing our nation, the retirement income security of future retirees.

While Genworth has contributed to and supports the recommendations submitted in the responses of the American Council of Life Insurers, the Committee of Annuity Insurers (the "CAI") and the Insured Retirement Institute, this separate response is based on Genworth's multi-year experience as one of the few providers of "in-plan" annuity investment options that offer guaranteed[1] income options to plan participants. Genworth's in-plan annuity option, called ClearCourse®[2] as discussed in detail below, provides 401(k) participants with protection against the three most significant retirement security risks by allowing contributions through payroll deductions or balance transfers, which buy a known amount of guaranteed lifetime income. While there are other annuity products that are used in the context of retirement planning, such as deferred annuities as

[1] All guarantees are based on the claims paying ability of Genworth Life and Annuity Insurance Company.
[2] ClearCourse is a group variable annuity issued by Genworth Life and Annuity Insurance Company. References to Genworth and its experience with ClearCourse and the 401(k) plan marketplace are based upon the experience of Genworth's wholly owned subsidiary, Genworth Life and Annuity Insurance Company.

the 401(k) plan's funding vehicle[3], and annuities as distribution offerings[4], unless otherwise noted, this response will focus on in-plan annuities for building a financially secure retirement because these annuities are best suited to address the retirement security risks.

## I. EXECUTIVE SUMMARY

Defined benefit plans ("DB plans") are designed to provide participants with a guaranteed stream of retirement income for life. The plan sponsor generally assumes most of the significant retirement security risks and the complex task of planning for them. However, the role of DB plans in retirement planning is diminishing as more and more plans are frozen or terminated. Consequently, defined contribution plans ("DC plans") have become the primary retirement vehicle for many employees.

The migration from DB plans to DC plans has largely shifted the burden of retirement planning from plan sponsors to participants, without a corresponding increase in the education and tools necessary for participants to bear the burden of this sophisticated and complex analysis. The vast majority of DC plans today lack guaranteed income features, even though workers today are faced with the prospect of: having to save for a retirement of unknown duration; learning how to manage their savings prior to and during retirement; and dealing with the volatility of the financial markets.

Uncertainty and volatility create three significant and key retirement risks:

- Longevity risk (will you outlive your assets?);
- Excess withdrawal rate risk (how much can you safely and consistently withdraw from your retirement savings?); and
- Point-in-time risk (how significantly will your retirement savings and lifestyle be impacted by a down market in, at, or near the time of retirement?).

Life insurance companies like those in the Genworth family are uniquely positioned to provide DC plan sponsors with retirement income solutions that squarely address these risks. These companies can pool risks across a large number of participants – thereby providing lifetime income guarantees at the individual participant level. Several companies, including Genworth, have developed in-plan annuity products that allow plan participants, throughout their careers, to determine with certainty how much guaranteed income their current account balances can provide at a future retirement date.

However, sponsor adoption and participant use of these innovative solutions are hindered by at least three significant obstacles, outlined here and described in detail later in this response:

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[3] Many small 401(k) plans use an annuity in lieu of a trust, as permitted under the tax qualification rules.

[4] At the time of electing a distribution option, some plans offer an immediate annuity which provides lifetime guaranteed income.

- **Fiduciary Process and Standard:** Many plan sponsors are concerned with how to assess an annuity provider's ability to make all future payments in order to satisfy the fiduciary duty safe harbor applicable to distribution annuities;[5]
- **Portability:** Plan sponsors are concerned about portability of guaranteed income options if they subsequently change plan design or record keeper platforms; and
- **Income vs. Accumulation/Education and Tools:** In general, 401(k) plans were developed as supplemental savings plans focused on accumulation and asset allocation, with limited options for workers to plan for retirement income. As such, there is minimal and often ineffective participant education and tools to increase awareness of the relative costs and benefits of guaranteed income options versus alternative distribution strategies.

Since increased availability and utilization of guaranteed income options boost retirement income security, these obstacles must be addressed. Genworth's recommendations, discussed in detail later in this letter, include:

1) With respect to fiduciary duties, modify the distribution annuity safe harbor as follows:

    a. Provide objective criteria that can satisfy the requirement to assess a provider's ability to make future payments. For example, an annuity provider that (i) maintains participants' account balances in a separate account or, if not maintained in a separate account, the annuity provider commits to and does provide an annual certification from its responsible actuary that its reserves are adequate to satisfy contractholder liabilities, (ii) has had no National Association of Insurance Commissioners ("NAIC") Risk-Based Capital ("RBC") calculation outcome other than "No action"[6], and has no order of receivership, liquidation, supervision or rehabilitation for at least the prior five years, (iii) is a member of the guaranty association in the state in which the annuity contract is issued, and (iv) issues the annuity as an individual contract or as an allocated group contract.

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[5] 29 C.F.R. §2550.404a-4(b).

[6] The NAIC RBC framework results in five different outcomes determined by comparing a company's Total Adjusted Capital to its Authorized Control Level Risk-Based Capital. The level of required risk-based capital is calculated and reported annually. Remedial actions result when a company's Total Adjusted Capital falls below 200% of its Authorized Control Level RBC. Remedial actions include:

- the insurer providing additional reports and corrective plans to the regulator (at less severely impaired relative capital levels)
- the insurer being placed under regulatory control (at more severely impaired relative capital levels).

2) Allow portability of guaranteed retirement income options by permitting in-service distribution of these benefits as part of a qualified plan distributed annuity if the plan sponsor or record keeper no longer supports the guaranteed income product; and

3) Take measures to broaden the focus of American workers from asset accumulation to whether those assets will support a secure retirement through adequate retirement income.

## II. GENWORTH'S EXPERIENCE

Genworth is a pioneer in developing and providing a 401(k) "in-plan" annuity investment option that provides guaranteed income. Explained in detail later, Genworth launched ClearCourse five years ago and is one of only a handful of companies with actual, hands-on experience with in-plan annuities. While this market is still nascent in terms of adoption, some relevant statistics on Genworth's experience to date include:

1) ClearCourse is available in plans operating with seven major 401(k) plan providers;
2) Currently, 35 plan sponsors have selected ClearCourse as an investment option in their plans, and two plan sponsors have designated this option as the QDIA for the plan;
3) The average participant selection rate is approximately 10%;
4) The current percentage breakdown of participants investing in ClearCourse by age is:
    a. 20 – 30: 23%:
    b. 31 – 40: 30%
    c. 41 – 50: 27%
    d. 51 – 60: 17%
    e. 61 – 65: 3%
    f. 65+: 1%

While Genworth is proud of its results to date, the above-referenced obstacles have been an impediment to greater sponsor adoption and participant utilization of guaranteed income solutions.

## III. THE KEY RETIREMENT INCOME SECURITY RISKS

Without guaranteed income, a plan participant or retiree is confronted with the following three significant, and key, retirement risks:

### A. Longevity Risk (Will you outlive your assets?)

For a healthy 65-year-old couple, there is a 67% chance that at least one of them will live to age 90 and a 38% chance that one will live to age 95.[7] Since the general population

[7] Calculations use the Annuity 2000 Basic Table with Projection Scale AA.

tends to focus on an average life expectancy *at birth* --78.3 years -- people tend to under plan for the length of their retirement.[8] Even if a financial plan is structured around the correct average life expectancy and not the average life expectancy at birth, by definition 50% of people will out-live the financial plan.

While participants in DB plans have guaranteed annuity benefits to address longevity risk, DC plan participants need a similar solution.

*Products such as in-plan annuities with guaranteed income protect against longevity risk.*

### B. Excess Withdrawal Rate Risk (How much can you safely and consistently withdraw from your retirement savings?)

Proper retirement income planning is focused on maintaining a standard of living during retirement. This is a significant departure from the accumulation focus of most working Americans on building a large 401(k) or IRA balance, and the "wealthy" feeling that comes along with it. This "wealthy" feeling is often misguided, however, because studies show that pre-retirees overestimate the amount of retirement income that can be generated from a specific account balance, and the length of time that income will last.[9]

Academic research suggests an annual withdrawal rate between 4 to 5%[10] of the initial retirement account balance as a reasonable level of withdrawals during retirement. However, a simple systematic withdrawal strategy requires continual reassessment during retirement, as actual account performance could impact the expected lifetime of cash flow. If too much is withdrawn, the individual may run out of money. If too little is withdrawn, the individual faces a lower standard of living. Moreover, retirees must avoid years of temptation to raid the nest egg for non-critical expenditures. Not only do lifetime retirement income products reduce this risk, certain of Genworth's insured products provide guaranteed income cash flows as much as 20 to 75% higher than 4 to 5% withdrawal rate recommendations, even in today's low interest rate environment.

*Products such as in-plan annuities with guaranteed income protect against withdrawal rate risk.*

### C. Point-in-Time Risk (How significantly will your retirement savings and lifestyle be impacted by a negative market in, at, or near retirement?)

As many pre-retirees and retirees experienced the impact of a down market in 2001 and 2008, it has become widely understood that market conditions, both the performance of equities and the level of interest rates, can significantly impact retirement income. This is

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[8] According to the U. S. Census Bureau 2010 Statistical Abstract, average life expectance is projected to be 78.3 years (or 75.7 years for men and 80.8 years for women, on average).
[9] MetLife Mature Market Study, June 2008.
[10] Bengen, W.P. (2004). Determining withdrawal rates using historical data. Journal of Financial Planning. March 64-73.

especially so at the point of retirement prior to purchasing a lifetime income stream. To recover from such a downturn, participants are often faced with the unappealing choices of delaying retirement, supplementing reduced retirement income with another job, or possibly living on less.

DB plan participants are not in the same situation, as point-in-time risk is shifted to the plan sponsor. This risk can also be avoided in DC plans that include a DB-type offering, such as an in-plan annuity investment option, because participants throughout their careers can continuously purchase incremental amounts of guaranteed retirement income providing a stream of payments that cannot be negatively impacted (and, with a product like ClearCourse, may actually be enhanced in certain circumstances) as a result of market performance.

*Products such as in-plan annuities with guaranteed income protect against point-in-time risk*

## IV. OVERCOMING THE OBSTACLES TO INCREASED AVAILABILITY AND USE OF GUARANTEED LIFETIME INCOME SOLUTIONS

As detailed above, in-plan annuities with guaranteed income protect against the three most significant and key retirement income security risks. However, the majority of retirement plans do not offer these products to plan participants, or, if offered, they are used by a limited number of plan participants. Based on Genworth's experience, this is due to three significant obstacles that act to limit sponsor adoption and participant utilization. Removal of these obstacles will make guaranteed income solutions more readily available and used, thereby significantly enhancing the retirement security of working Americans.

### A. Fiduciary Process And Standards For Lifetime Income Arrangements

#### 1. The Obstacle

In our experience, most plan sponsors do not include guaranteed income products in their plans largely because they do not know how to satisfy the distribution annuity safe harbor requirement (Section 2550.404a-4(b)(2)) to "assess the ability of the annuity provider to make all future payments...." As discussed below, Genworth's experience in this regard is significant.

As part of Genworth's ClearCourse design, introduction, and subsequent sales, Genworth representatives met with *hundreds* of plan sponsors to discuss guaranteed income as part of an overall defined contribution plan investment design. Plan sponsors for employee groups as small as 100 to some of the largest plans in the country expressed strong interest in guaranteed income solutions, articulating concern about the risks employees take on as they transition to retirement and their belief that guaranteed income products could help mitigate those risks. Once the plan sponsor transitions to the process of evaluating and selecting an in-plan income option, they fully appreciate and take seriously the fact that the insurance company providing income guarantees is making commitments for many years into the future. However, without objective criteria to assist in their assessment and evaluation of the insurer's ability to make payments in the future, they grow concerned about whether they have the expertise to make this assessment, and even if they believe that they do, they are concerned that the assessment will either be too costly, or perhaps, in the future, be deemed insufficient. For many otherwise interested plan sponsors this often results in a decision to avoid this uncertainly by simply not including the product in their plan.

By way of example, Genworth recently met with the independent investment consultant for a large plan sponsor with over $2 billion in DC plan assets. The plan sponsor retained the consultant to help in the evaluation and potential selection of an in-plan guaranteed income option. The consultant, a large national investment consulting firm, advised Genworth that even it was in the process of retaining an outside insurance expert to partner with it on the evaluation process. The consultant did not believe there was anyone in its entire firm that could assess the claims paying ability of insurers now and in the future.

Most plan sponsors, particularly smaller plans, do not have the resources to undertake such a sophisticated analysis. Genworth is concerned that without a straightforward and objective standard to satisfy the fiduciary duty safe harbor, many interested plan sponsors will avoid guaranteed income solutions as either too expensive in terms of assessment costs, too risky from a fiduciary perspective, or both. Many plan sponsors may simply choose not to act even though they want to help employees meet their lifetime income needs. Safe harbors are intended to provide certainty to decision makers who comply with specific requirements and this one is clearly not achieving that goal.

### 2. <u>Genworth's Recommendation</u>

*Modify the Section 2550.404a-4 safe harbor to provide objectively applied criteria that a plan fiduciary may rely upon to assess an insurer's ability to make future guaranteed income payments.*

ERISA regulation section 2550.404a-4 provides a safe harbor for a plan sponsor's fiduciary duty in connection with the selection of a distribution annuity. In part, the regulation in subsection (b)(2) requires a fiduciary to "appropriately consider information sufficient to assess the ability of the annuity provider to make all future payments under the annuity contract."[11] While Genworth fully understands, appreciates and agrees with the intent of this provision to ensure that the provider is able to satisfy its obligations under the annuity contract, many plan sponsors do not know how to satisfy such a broadly worded requirement. In order to avoid potential fiduciary liability by inadequately performing such an assessment, or the costs associated with retaining the

[11] Safe harbor provision (b)(4) largely deals with the reasonableness of costs and benefits, but also has a reference to the "annuity provider [being] financially able to make all future payments under the annuity contract." This portion of (b)(4) seems duplicative to the provisions of (b)(2) and should either be eliminated, or otherwise modified in a similar way to (b)(2), as recommended above.

necessary experts to conduct such an assessment, plan sponsors simply avoid including these products in their plans.

Genworth believes that it is possible to modify subsection (b)(2) of the safe harbor by adding objective criteria that (i) a plan sponsor feels equipped to apply, (ii) serve as a solid proxy for assessing an insurer's future claims paying ability, and (iii) if met, satisfy the subsection (b)(2) assessment. The following are illustrative of such objective criteria: the annuity provider:

- Maintains participants' account balances in a separate account or, if not maintained in a separate account, the annuity provider commits to and does provide an annual certification from its responsible actuary that its reserves are adequate to satisfy contractholder liabilities;
- Has had no company action level event or order of receivership, liquidation, supervision or rehabilitation for at least the prior 5 years;
- Is a member of the insurance guaranty association of the state in which the annuity contract is issued; and
- Issues the annuity as an individual contract or as an allocated group contract.

These objective criteria, and potentially others, are very good indicators of insurance companies' future claims paying abilities, in particular because they will be applied to companies that already are subject to intense regulatory oversight specifically designed to ensure their financial health. State insurance departments oversee life insurance companies in a number of ways to ensure their ability to satisfy contractholder obligations, including the imposition of National Association of Insurance Commissioners uniform rules for the establishment of reserves, the valuation of assets and liabilities, risk-based capital requirements and required capital. State insurance departments conduct routine reviews of insurers' financial strength and their ability to meet contractholder commitments.[12] However, in the unlikely event an insurance

[12] In the many intervening years since the insurance company failures of the 1980s and 1990s, state insurance department regulations and oversight have been significantly improved and strengthened, for example:

- as it relates to liability valuation, in 1992 the NAIC strengthened requirements for scenario cash flow testing with the implementation of the AOMR (Actuarial Opinion and Model Regulation);
- as it relates to liability valuation, in 2009 the NAIC strengthened reserve requirements for equity and interest rate tail risk with the implementation of VACARVM (Variable Annuity Commissioners Annuity Reserve Valuation Method);
- as it relates to uniform statutory accounting principles, in 2001 the NAIC instituted Statutory Codification;
- as it relates to controls over improving financial reporting, in 2006 the NAIC adopted the Model Audit Rule (Statutory incarnation of SOx), applicable with statements in 2010.
- as it relates to capital, in 1991 the NAIC strengthened requirements for asset valuations with the implementation of more restrictive C1 factors;
- as it relates to capital, in 2000 the NAIC strengthened requirements for interest rate risk with the implementation of C3 Phase 1;
- as it relates to capital, in 2005 the NAIC strengthened requirements for equity risk with the implementation of C3 Phase 2.

company was deemed a significant financial risk, state insurance departments have a number of powers to intervene and protect contractholders, such as placing companies into receivership with a goal to protect contractholders through a rehabilitation process. If that process proves unsuccessful, a sale of the received company to a more financially stable company could occur, thereby preserving guarantees. If these measures are unsuccessful and a liquidation of the entity occurs, contractholders can look to state guaranty associations, funded by insurance company members, for coverage due to loss. Typical state guarantee association coverage is up to $100,000 per participant in an in-plan annuity if the contract is an individual or allocated group contract.

With a modification of the safe harbor permitting fiduciaries to apply appropriate, objective criteria to assess claims-paying ability, Genworth believes that two very important goals will be achieved: (i) increased availability and use of guaranteed income products in defined contribution plans, and (ii) appropriate safeguards to ensure the use of qualified annuity providers that will live up to future payment obligations. Achieving these two goals will result in a more financially secure retirement for American workers.

A separate but related issue is the point at which Qualified Joint and Survivor Annuity (QJSA) rules apply. Genworth supports CAI's position that QJSA rules apply at the point when the selection of an irrevocable lifetime annuity is made.

## B. PORTABILITY

### 1. The Obstacle

Plan sponsors are reluctant to add in-plan annuities as an investment option because they are concerned that if they decide in the future to make a platform change, they may be faced with a new record keeper whose platform does not support the in-plan annuity. Alternatively, a plan sponsor may be considering an investment change such that the in-plan annuity is no longer included in the plan. Plan sponsors are faced with the dilemma of seeking a potentially prudent change, but having no way to preserve the guaranteed lifetime income already purchased by plan participants. Providing plan participants with rights of portability to an IRA would address this concern. However as of today, an in-service distribution of an accrued benefit to an IRA is often not permitted. To avoid this dilemma, plan sponsors avoid offering these solutions in their plans. [13]

### 2. Genworth's Recommendation

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[13] Another hurdle is that participants are concerned that any accrued benefits from guaranteed lifetime retirement income streams are transferrable to an IRA upon termination of employment. Genworth has designed its in-plan annuities to allow portability of guaranteed lifetime retirement income streams already purchased to an IRA, as well as continued purchases of guaranteed income within the IRA upon termination of employment.

*Permit an in-service distribution of accrued lifetime guaranteed income benefits if the plan sponsor or record keeper no longer supports the offered benefit.*

If the plan sponsor or record keeper no longer supports the offered benefit, the limitations on in-service distributions should be relaxed to permit an in-service rollout of the portion of a plan account invested in a guaranteed income option. In order to avoid leakage from the retirement system as a whole, it would be appropriate to put withdrawal restrictions on the distributed annuity contract while the participant is an active participant in the plan.

## C. PARTICIPANT EDUCATION, TOOLS AND DISCIPLINE

### 1. The Obstacle

DC plan participants are responsible for accumulating sufficient retirement savings, converting those savings into retirement income and then managing those savings during retirement. However, for many years the emphasis of retirement planning has been solely on the first of those responsibilities, i.e., asset accumulation. Plan participants generally do not have the skills, tools, or knowledge to (i) determine the amount of potential retirement income that can be derived from a given account balance, (ii) understand the process and product choices available for converting a lump sum into a lifetime retirement income stream, and (iii) assess impact of asset management results on future income streams. Exacerbating the problem is that most plan sponsors are focused primarily on participants' ability to accumulate retirement savings, are not meaningfully involved in participants' decumulation decisions, and few, if any, provide retirement income education or tools to plan participants on how to plan for and convert the plan balance into a monthly income stream.

As a result, many plan participants are surprised by and do not plan for the significant amount of long-term savings it takes to achieve an adequate stream of lifetime retirement income. [14] Plan participants can better understand whether they are on track to meeting their retirement savings and retirement income needs if, during their working years, they are provided with information about how their current account balance translates into an annual retirement income amount.

### 2. Genworth's Recommendation

*Promote participant education and awareness of how account balances convert to retirement income, the options in this regard, and the importance of managing the*

[14] In a hypothetical case where a 65 year-old individual making $50,000 is facing retirement, it is likely that Social Security could replace close to 40% of his or her earnings. To replace 100% of pre-retirement earnings including Social Security, at a 4-5% withdrawal rate, an account balance $600,000 to $750,000 in a 401(k) plan is likely required. Even to achieve 80% of pre-retirement income would require a plan balance of $400,000 to $500,000. Unfortunately, current statistics would indicate that a more likely scenario with these withdrawal rates is that the median near-retiree would only be able to replace a combined total of less than 50% of pre-retirement earnings, having saved approximately $80,000 in a 401(k) plan/IRA (2007 Federal Reserve Board: Survey of Consumer Finances).

*conversion in a way that increases the likelihood of true retirement security. The DOL could address these issues by: 1) requiring that all plans include a distribution strategy statement in the plans' statement of investment policy, 2) providing guidance that clarifies the extent to which employers may provide investment education on distribution strategies and options without being considered an investment advice fiduciary, and 3) requiring that in-plan annuity investment options be taken into account in computer-model based investment advice, including under a SunAmerica-style program*[15] *or a program based on the computer-model prohibited transaction exemption in ERISA section 408(g)(3).*

Since 401(k) plans are retirement plans, distribution strategies should be an important component of a plan offering. The DOL should require that plan sponsors, as part of their statement of investment policy, include a distribution strategy statement.

The CAI, in its response to the RFI, suggests that the DOL provide guidance on the extent to which employers may provide investment education on distribution options and strategies[16]. Genworth endorses that response.

The CAI also states in its response that in-plan annuity investment options should be taken into account in computer-model based investment advice[17]. It is Genworth's view that computer-model based investment advice should consider solutions to the three key lifetime retirement risks – longevity risk, excess withdrawal rate risk, and point in time risk – and therefore endorses the CAI's recommendation to include distribution strategies in such models.

## V. <u>GENWORTH'S CLEARCOURSE® PRODUCT</u>

ClearCourse has been designed to provide many of the advantages of a DB plan with the flexibility of a DC account. For example, with ClearCourse, a plan participant can port his or her ClearCourse account balance and guaranteed income amount from his or her 401(k) plan to an IRA using an individual variable annuity issued by Genworth – this annuity has been specifically designed to retain the participant's accumulated guaranteed lifetime income. Some of the unique and more important features of ClearCourse include the following:

- Prior to retirement, participants know the conversion value of their in-plan ClearCourse account balance to a dollar amount of guaranteed lifetime income at retirement.

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[15] Advisory Opinion 2001-09A (December 14, 2001).

[16] The ERISA Advisory Council's Working Group on Financial Literacy of Plan Participants and the Role of the Employer in 2007 identified the need for guidance clarifying the extent to which an employer may provide information and education about distributions without providing fiduciary investment advice

[17] Proposed regulations issued in February 2010 would provide that a PPA computer model may disregard an in-plan annuity investment option. Presumably, a computer model relying on the SunAmerica Opinion may do so as well.

- Additional contributions to the ClearCourse investment option prior to retirement increase the dollar amount of a participant's guaranteed income.
- Participant account balances are invested in an underlying balanced (equity/fixed income) portfolio.
- Account value growth during accumulation through market performance may increase the dollar amount of a participant's guaranteed income.
- Negative market performance cannot decrease the amount of guaranteed lifetime income – only withdrawals or transfers out of the ClearCourse investment option can decrease the guaranteed income amount.

As a participant approaches retirement, he or she has a clear line-of-sight to the level of guaranteed income, which facilitates retirement planning. The participant has the ability to exercise the guaranteed income option at a normal retirement age, defer the decision (accruing additional benefits based on performance and/or formula), or accelerate the retirement date (with an actuarially equivalent adjustment) provided the plan permits such acceleration. The guaranteed income amount will be paid to the participant for life. However, in the event of the participant's death prior to the end of the period certain, income will be paid to the participant's beneficiary or beneficiaries for the remainder of the period certain (typically 20 years, though less if income has been deferred past age 65). After income begins, certain payments can be commuted for emergency cash needs. All of these features have been designed to be intuitive and to address lifetime income risks while at the same time transferring from the participant to the insurance company the complexity of managing retirement income guarantees.

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At Genworth, we believe passionately in the goal of achieving retirement security for all Americans. We devote significant time and resources to addressing the challenges to achieving those goals, including through our significant work to develop guaranteed income solutions for defined contribution plan participants. We believe that pursuing the fiduciary, portability and education recommendations we outline in this letter will mark a significant step toward enhanced retirement security. Adopting these recommendations will remove the key obstacles that, through first hand experience, we know impede plan sponsors from offering the in-plan annuity choices that they recognize their participants need. We thank the DOL and Treasury for taking this topic seriously and for the opportunity to submit this response. We are available at your request to further address any of the issues discussed above, or otherwise assist in the effort to facilitate guaranteed income solutions for defined contribution plan participants and IRA investors.

Respectfully submitted,

Frederick C. Conley

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Institutional Retirement Group