

April 30, 2010

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

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OFFICE OF REGULATIONS  
AND INTERPRETATIONS  
2010 APR 30 PM 2:18

RE: Department of Labor, RIN 1210-AB33  
Request for Information Regarding Lifetime Income Options for  
Participants and Beneficiaries in Retirement Plans

Dear Ms. Ward:

Thank you for the opportunity to provide comment on the Department of Labor and Department of the Treasury efforts to promote retirement security for American workers and specifically on lifetime income options in retirement plans. We have structured our response in two sections. The first section will specifically respond to those of the 39 listed questions in the RIN we could meaningfully comment upon. The second section represents our comments on retirement security in general and the government role. Finally, we understand the phrase "lifetime income stream" means "an annuity" or "to annuitize."

I. RIN Specific Questions

General

1. From the standpoint of a plan participant, the main advantage of receiving some or all of the benefits in the form of lifetime payments is that the participant receives a known quantity of funds throughout their life. The disadvantages are: in exchange for the lifetime stream the participant loses control and access to a portion of their savings; the lifetime stream must be statistically calculated to be less than the amount the participant originally invested; after the death of the participant any remainder money from the plan is typically not allowed to be passed on to heirs; finally, there is a fear of long-term solvency of the annuity provider.

2. In addressing this question, the Agencies must acknowledge that an assumption is being made; i.e., participants are taking the lump sum distributions from the plan and not transferring the funds into some other annuity product. The reasons individuals select lump sum distributions rather than annuitize their retirement plan include: people want to have full use of the total amount of the value of their account; they do not want to have to

make a lifetime decision as to what the specific amount of lifetime income stream should be; they want to be able to pass on any remainder money after death to their heirs. The nature of annuity products is to provide a set lifetime stream of income. Therefore annuity providers must set aside a portion of the participant's money to provide that stream of income and also cover provider costs and risks. Other than insuring against provider insolvency, similar as the FDIC does with banks, we think the nature of the annuity product is what it is. To overcome some concerns of the participant, an option, but certainly not one we recommend, is the government creates a "cost-free" annuity. That "cost-free" annuity requires taxpayers to absorb the costs and absorb the risks that the participant will outlive their stream of income.

11. Discussing "behavioral" strategies and how to encourage greater use of lifetime income options assumes that selecting a lifetime income option is the best choice for the participant. It may not necessarily be the best choice. We think the government emphasis should be on "educational" strategies rather than "behavioral" strategies to help people make the best decision for them.

12. What portion of an account balance to annuitize needs to be based on the participant's entire financial picture, including other income sources, life expectancy, desired standard of living, other savings, and family relationships. For example, an elderly parent who elects to live with an adult child might have a different income stream requirement than a similarly situated elderly parent. It is unrealistic and an improper function of the government to develop that perfect retirement plan for everyone. There is never a "one size fits all".

13. Annuitization should not be mandatory. That is not the optimal answer for every person. A "requirement" will discourage plan participation, not encourage it. There are people historically who frown upon 401(k) plans for fear the government and companies will change the "rules of the game" down the road, which we sense (right or wrong) may be the motivation of this "Request for Information".

16. Yes there are differences across demographic groups. It is impossible for the government to catalogue all the nuances among individuals into a comprehensive retirement security program, which is one reason why a retirement security program needs to be broad and general. Perhaps features like disability insurance and unemployment insurance might be incorporated into a retirement security program but disability and unemployment are not demographic groups.

#### Participant Education

Financial education should start early and often. This education is not the government's role but rather is a function of society and should be encouraged by government. A financial concepts educational course requirement, the content of which broadens as the child matures, would be beneficial to society as a whole. By the time the child reaches maturity and starts working they would be in a better position to understand financial

concepts and accept responsibility in providing for their own retirement security. All of our public institutions, both public and private, should be participating in citizen personal financial education.

Disclosing Income Stream That Can Be Provided From An Account Balance

21. Yes, the benefit statement should present the participant's accrued benefits as an annuity.

22. Yes, the annuity should reflect the amount at specified ages, e.g., 60, 65, 70; yes, the amounts should state they are based upon continued contributions at the current level; yes, the statements should include both a monthly and annual amount; yes, the payments of a married participant should express both a single-life annuity and joint/survivor-type annuity. Basically, the statement should include as much and as many options as feasible, enumerate as much information and be as forthcoming as possible.

23. The statement should document what assumptions have been used in all calculations reflected.

24. No, the statement should not include an income replacement ratio. The participant's can assess on their own what will meet their pre-and post standard of living needs. It is unrealistic for the statement to present any meaningful information without knowing the participant's circumstances.

II. Retirement Security

If the government feels it has a role to play in encouraging people to be responsible for their retirement security, the government must address how people can save for that security. Our present Social Security system is not a retirement system, yet the government has continued to collect money from the taxpayers thereby encouraging the perception (right or wrong) in people that they have a retirement plan, when in fact they do not. It is imperative for the government to correct this perception and put people on a path to a true retirement savings plan.

There are many others more highly competent and qualified individuals than us who can properly address the way forward but here is our very brief analysis and recommendation. Currently all working people pay a social security tax. This tax needs to be transitioned to a retirement savings plan. The government will need to honor its social security commitment made to those currently receiving benefits and those 50 and older not yet receiving benefits. All those currently entering the work force now and up to the age of 49 should be transitioned out of social security to a retirement saving plan. The retirement saving plan is the participant's money, not a trust fund similar to the current social security system. All retirement saving plans will be offered through private insurance companies. The government acts as a referee and has no control or access to

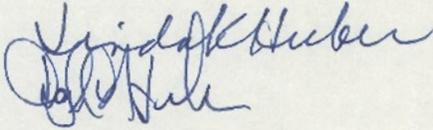
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any retirement funds. We could elaborate further; however, we recognize this was not the intent of this Request for Information yet we wanted to take the opportunity to provide comments in support of any and all efforts to meaningful retirement security for everyone.

Respectfully,

Handwritten signatures of Linda K. Huber and Douglas C. Huber in blue ink.

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