Docket: IRS-2010-0006
Request for Information Regarding Lifetime Income Options for Participants & Beneficiaries in Retirement Plans

Comment On: IRS-2010-0006-0001
Request for Information Regarding Lifetime Income Options for Participants and Beneficiaries in Retirement Plans

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Submitter Information

Name: Stephen D Moore
Address:
    3004 McDaniels
    Blue Springs, MO, 64015
Email: moorestephen7@gmail.com

General Comment

I have grave concerns regarding using annuities in a defined contribution plan. Given the financial problems we have seen with insurers lately I don't trust them to exercise proper fiduciary responsibility. If allowed to sell them they should be required to manage those assets separately from their other assets.

As long as the states are the chief regulator of insurance companies, and weak, inconsistent regulators at that, you put beneficiaries at the mercy of insurance salesmen tempted to sell the product with the best, for them, fee structure. This will also result in more complex regulations with variations from state to state. If you must introduce an annuity option make it a simple purchase of a "stream of payments", not the unnecessarily complex variable annuity that is merely a way to bundle multiple layers of fees for the benefit of the insurer.

Better yet, merely require that each plan provide a DOL created document prior to retirement that defines what a single life annuity is, what it should cost and where to shop for it. Don't let the insurer define the product; make the insurer fit a standard definition. You could include an annually updated study of the range of prices to be paid for a given stream of payments from various vendors or require any insurer to submit a uniform bid for a single life annuity and a survivor annuity. No fancy variations. Just have them spell out in a standard form the exact costs and payments.