



August 13, 2010

Attn: Lifetime Income Joint Hearing Room N-5655  
Office of Regulations and Interpretations  
Employee Benefits Security Administration  
U.S. Department of Labor  
200 Constitution Avenue, NW  
Washington, DC 20210  
E-Mail: e-ORI@dol.gov

Re: **Request to Testify at Hearings on Lifetime Income Options**

Ladies and Gentlemen:

The Institutional Retirement Income Council (IRIC) respectfully requests the opportunity to testify before the Department of Labor's Employee Benefits Security Administration and the Department of the Treasury at the hearing regarding lifetime income for workers in employer-sponsored retirement plans.

IRIC is a non-partisan, tax-exempt entity consisting of volunteers who are retirement plan advisors, consultants and attorneys. The Council is dedicated to facilitating the shift of defined contribution plans from supplemental savings plans to programs that provide retirement security and to helping develop "best practices" and tools for evaluating, selecting, implementing and monitoring institutional retirement income options. IRIC has also been the industry leader in educating the marketplace about the new lifetime income products being made available to plan sponsors.

As such, we bring a unique perspective to the issues involved. Our members have been actively working with plan sponsors that are considering the adoption of lifetime income solutions, and providing insights to recordkeepers and manufacturers as they further develop their offerings. We welcome the opportunity to share with the Agencies "real world" stories, specifically focused on the reasons that lifetime income products are not more prevalent in today's marketplace.

Therefore, we request the opportunity to provide testimony regarding:

- The alternative designs of in-plan and distribution-income options, with a focus on new products that have recently entered the defined contribution marketplace, along with the related issues hindering adoption of these products at the plan sponsor level.

In this regard, I, Martin Schmidt, the board chairman of IRIC and principal of HS2 Solutions, would provide testimony on behalf of the Council. An outline pertaining to the specific subject matter we propose to discuss is enclosed.

IRIC believes that America's workforce will greatly benefit from the widespread adoption of lifetime income solutions as standard offerings in workplace-provided retirement plans and the Agencies have an opportunity to assist in this mission. In fact, we believe that a great number of plan sponsor concerns regarding lifetime income products can be eradicated with clear guidance from the Agencies.

IRIC appreciates the Agencies' consideration of this request and looks forward to the opportunity to testify at the hearings. If you have any questions or need additional information regarding this request, please feel free to contact me at (847) 991-5425.

Sincerely,

A handwritten signature in cursive script that reads "Martin Schmidt".

Martin A. Schmidt  
Chairman  
Institutional Retirement Income Council

## Outline of Testimony

- I. Reason for Alternative Designs (2 min.)
  - A. *Brief history of annuities and DC plans*
  - B. *Behavioral research*
  - C. *Problems created by “money in motion” at retirement*
  - D. *Need for institutionally-priced retirement income solutions made available through employer*
  
- II. Description of Alternative Designs (5 min.)
  - A. *In-Plan versus Out-of-Plan*
  - B. *Types of Alternative Designs*
    - 1. Deferred fixed income annuities
    - 2. Guaranteed Lifetime Withdrawal Benefits
    - 3. Guaranteed Minimum Income Benefits
    - 4. Managed Payout Funds
    - 5. Qualified Default Investment Alternatives
  - C. *Future product designs*
  
- III. Main Reasons Plan Sponsors and Consultants and Advisors are Slow to Adopt (3 min.)
  - A. *Fiduciary Liability*
  - B. *Portability*
  - C. *Questions on whether annuity rules apply*
    - 1. Safest Available Annuity selection
    - 2. State Guarantee coverage
    - 3. QJSA rules