
From: Kevin Hanney [REDACTED]
Sent: Monday, August 16, 2010 3:30 PM
To: EBSA, E-ORI - EBSA
Subject: Lifetime Income Joint Hearing

Ms. Borzi, Ms. Marks and Mr. Iwry,

I wish to submit my request to present testimony at the joint Hearing on Certain Issues Relating to Lifetime Income Options for Participants and Beneficiaries in Retirement Plans on September 14, 2010. I believe I am qualified to present valuable testimony in my capacity as an investment professional who is responsible for the oversight of pensions both here in the U.S. and abroad. Among my qualifications, I have over 16 years of experience in the investment industry and hold the Chartered Financial Analyst Designation. I am employed by United Technologies Corporation, a large multi-national organization based in the Northeastern U.S. My professional responsibilities include oversight of the investment and funding aspects of defined contribution and defined benefit plans with over 150,000 participants and assets in excess of US\$15 Billion. I have closely studied lifetime income alternatives for potential adoption in employer-sponsored plans for the last 4 years.

I should note that while I employed by United Technologies Corporation, I wish to present testimony as an individual. The views I would express are my own and should not be construed to represent the views of my employer or any professional organizations with which I am affiliated. That said, I have the opportunity to frequently interact with many people in my field as we actively consider issues related to retirement plans and lifetime income and I believe my views are not unique within the plan sponsor community.

Specifically, I wish to address the following issues included in your announcement regarding the hearing: 1. Participant Concerns Affecting the Choice of Lifetime Income Relative to Other Options, 4. Fiduciary Safe Harbor for Selection of Lifetime Income Issuer or Product, and 5. Alternative Designs of In-Plan and Distribution Lifetime Income Options. However, I understand the time constraints of this hearing and would ask that I be allowed to present testimony on the latter two issues (#4 & #5) if it is necessary to limit my comments.

The following brief outline encapsulates the points I wish to make on each issue:

I. Participant Concerns Affecting Choice of Lifetime Income (3-5 minutes, 2 PowerPoint slides with written speaking notes)

- A. Evidence of participant inertia in employer-sponsored plans
- B. Potential impact of inflation on fixed benefit streams of income
- C. Comparison of costs, benefits and risks associated with retirement income approaches

II. Fiduciary Safe Harbor for Selection (3-5 minutes, 2 PowerPoint slides with written speaking notes)

- A. Ambiguity in current guidance
- B. Clarification of products covered & implications of the state guaranty system
- C. Minimum standard of care for selection, monitoring & replacement

III. Alternative Designs of In-Plan & Distribution Options (3-5 minutes, 3 PowerPoint slides with written speaking notes)

- A. Traditional Immediate Fixed Annuities versus Living Benefits such as GLWBs
- B. Opportunities for use of TreasuryDIRECT system in DC plans & IRAs
- C. Recommendation for new debt issuance specifically for US-based investors

Thank you for your consideration.

Sincerely,

Kevin T. Hanney, CFA

