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February 9, 2007

Office of Exemption Determinations  
Employee Benefits Security Administration  
Room N-5700  
U.S. Department of Labor  
200 Constitution Avenue, NW  
Washington, DC 20210  
Attn: IRA Investment Advice RFI

Dear Sir or Madam:

This letter is in response to the Department's request for information ("RFI") addressed to Thomas J. McInerney, Chief Executive Officer, ING North America Insurance Corporation, regarding the feasibility of computer model investment advice programs for individual retirement accounts. Mr. McInerney has asked me to respond on behalf of ING North America Insurance Corporation and its affiliated companies in the United States ("ING").

Through its Wealth Management business in the United States, ING provides a wide variety of financial products and services to individuals, and corporations, institutions and governmental entities that sponsor defined contribution retirement plans. Our products and services for individuals include mutual funds, variable and fixed annuities and brokerage arrangements, as well as financial planning, investment advisory and trust services.

ING appreciates the opportunity to respond to the RFI.

*1. Are there computer model investment advice programs for the current year and preceding year that are, or may be, utilized to provide investment advice to beneficiaries of [IRAs] which:*

*(a) Apply generally accepted investment theories that take into account the historic returns of different asset classes over defined periods of time;*

*(b) Utilize relevant information about the beneficiary, which may include age, life expectancy, retirement age, risk tolerance, other assets or sources of income, and preferences as to certain types of investments;*

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*(c) Operate in a manner that is not biased in favor of investments offered by the fiduciary adviser or a person with a material affiliation or contractual relationship with the fiduciary adviser;*

*(d) Take into account the full range of investments, including equities and bonds, in determining the options for the investment portfolios of the beneficiary; and*

*(e) Allow the beneficiary, in directing the investment, sufficient flexibility in obtaining advice to evaluate and select investment options.*

We are not aware of any computer model investment advice program that satisfies all of the stated criteria.

*2. If currently available computer models do not satisfy all of the criteria described above, which criteria are presently not considered by such computer models? Would it be possible to develop a model that satisfies all of the specified criteria? Which criteria would pose difficulties to developers and why?*

In our view, only the requirements in 1(c) and, to a limited extent, 1(a) and 1(b), are reflected in computer models available in the marketplace today.

We believe that it would be difficult, if not impossible, to develop a computer model that adequately satisfies all of the specified criteria. The following are areas which we believe would pose the most significant difficulties for those attempting to devise a model, and the specific criteria to which these difficulties pertain:

- The nature of the wide variety of investments permitted by IRAs – 1(d).
- Lack of models which span even widely-held investments, such as bank products, annuity products, mutual fund and individual securities – 1(a) and 1(d).
- Lack of “generally accepted investment theories” covering many of the asset classes permitted by IRAs – 1(a).
- The inherent conflict between the robustness of client data and flexibility which is suggested by the required criteria, and the practical reality that the marketplace has demanded that computer tools be very simple to use and require little input – 1(b) and 1(e).

*3. If there are any currently available computer model investment advice programs meeting the criteria described in Question 1 that may be utilized for providing investment advice to IRA beneficiaries, please provide a complete description of such programs and the extent to which they are available to IRA beneficiaries.*

We are not aware of any computer model investment advice program that would satisfy the criteria in Question 1.

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*4. With respect to any programs described in response to Question 3, do any of such programs permit the IRA beneficiary to invest IRA assets in virtually any investment? If not, what are the difficulties, if any, in creating such a model?*

We are not aware of any model that would satisfy the criteria in Question 1. Our response to Question 2 notes some of the difficulties in creating such a model.

*5. If computer model investment advice programs are not currently available to IRA beneficiaries that permit the investment of IRA assets in virtually any investment, are there computer model investment advice programs currently available to IRA beneficiaries that, by design or operation, limit the investments modeled by the computer program to a subset of the investment universe?*

We are aware of computer model investment advice programs that (i) reduce the number of asset classes to a relative few (typically less than ten, all of them stocks/bonds/cash) and (ii) only evaluate a limited universe of investments available in a specific IRA offering (such as an individual retirement annuity or brokerage account). The list of investments typically consists of a roster of mutual funds and, for annuity products, an option carrying a principal guarantee.

*If so, who is responsible for the development of such investment limitations and how are the limitations developed?*

Investment limitations are not developed *per se*. Rather, they are a result of the product/service development process, because the models that exist do so to support a definable and practical-to-use investment universe. Product manufacturers select funds for inclusion in their offerings based on a number of factors, including historical performance, management experience, expenses, acceptance in the marketplace, and the ease and cost of administrative and operational interfaces with the investment provider, as well as the overall business economics.

*Is there any flexibility on the part of an IRA beneficiary to modify the computer model to take into account his or her preferences?*

The computer models of which we are aware provide the IRA beneficiary very little flexibility to modify the model.

*Are such computer model investment advice programs available to the beneficiaries of IRAs that are not maintained by the persons offering such programs?*

We are aware of some computer model investment advice programs, used with IRA products, that are developed and maintained by an entity that is not the adviser that created the model.

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*6. If you offer a computer model investment advice program based on nonproprietary investment products, do you make the program available to investment accounts maintained by you on behalf of IRA beneficiaries?*

We do not offer such a program.

*7. What are the investment options considered by computer investment advice programs? What information on such options is needed? How is the information obtained and made part of the programs? Is the information publicly available or available to IRA beneficiaries?*

The computer models of which we are aware are typically designed to use a few “mainstream” equity classes (such as large-cap, mid/small-cap, and international) one fixed income class, and cash. They do not incorporate bank CDs or numerous other permissible IRA investments. Some models diversify the equity classes by style (e.g., growth/value) and by bond issuer and credit quality.

In some cases, asset allocation recommendations are then applied to the limited universe of specific investments available in the IRA product, usually consisting of a roster of mutual funds and, for annuity products, an option carrying a principal guarantee. Advisers look to a number of factors in evaluating an investment. The most commonly used are historical performance, fees and expenses, risk versus reward characteristics, portfolio turnover, adherence to investment style, and manager history and tenure. Model providers purchase their data from various industry sources. The cost of obtaining the type and level of data needed for such a program would be prohibitive for most IRA beneficiaries. There are, of course, numerous publicly available sources of mutual fund data that can be obtained in libraries or over the internet.

*8. How should the Department or a third party evaluate a computer model investment advice program to determine whether a program satisfies the criteria described in Question 1 or any other similar criteria established to evaluate such programs?*

We believe the very detailed criteria specified by the Act will be difficult for any computer model to satisfy. Our view is that the public would be best served by a Department focus on criteria that would make use of the models beneficial to a large percentage of IRA beneficiaries. More specifically, models accepted would need to provide a very high quality of advice (evaluating the factors described in our response to Question 7) to a wide cross-section of IRA investors. At the same time, the model must be easy for the IRA beneficiary to understand and complete correctly, and practical to implement.

*9. How do computer model investment advice programs present advice to IRA beneficiaries? How do such programs allow beneficiaries to refine, amend or override provided advice?*

Most computer models keep it “short and simple” because that is what consumers demand. As a consequence, such programs provide little flexibility to the IRA beneficiary. While computer programs exist that allow inclusion of more detailed

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information about the investor's assets, needs and investment preferences, those programs are not highly utilized by IRA beneficiaries, most likely because of the time and level of sophistication involved in using them.

ING appreciates the opportunity to respond to the RFI and looks forward to the Department's determination regarding the feasibility of computer model investment programs for IRAs.

Very truly yours,

A handwritten signature in black ink that reads "Jim Dake". The signature is written in a cursive style with a large, looping initial "J".