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**National Association of Insurance and Financial Advisors**

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Submitted Electronically

August 7, 2013

Phyllis C. Borzi, Assistant Secretary  
Employee Benefits Security Administration  
Department of Labor  
200 Constitution Avenue, NW  
Washington, DC 20210

Re: Pension Benefit Statements Project (RIN 1210-AB20)

Dear Ms. Borzi:

The National Association of Insurance and Financial Advisors (NAIFA) appreciates the opportunity to comment on the Advanced Notice of Proposed Rulemaking regarding lifetime income projections on the participant statements of retirement savings plans.

Founded in 1890 as The National Association of Life Underwriters (NALU), NAIFA is one of the nation's oldest and largest associations representing the interests of insurance professionals from every Congressional district in the United States. NAIFA members assist consumers by focusing their practices on one or more of the following: life insurance and annuities, health insurance and employee benefits, multiline, and financial advising and investments. NAIFA's mission is to advocate for a positive legislative and regulatory environment, enhance business and professional skills, and promote the ethical conduct of its members. (For more information about NAIFA, visit [www.naifa.org](http://www.naifa.org).)

We support the Department's efforts to more fully educate plan participants about their retirement accounts and how much lifetime income those accounts might generate. We believe that the assumptions and methods of determining income projections should be very simple in nature, easily generated, at the discretion of the plan sponsor, by either the plan service providers or the plan sponsor, in order to avoid increased costs to participants. We also strongly believe that employers, plan sponsors, service providers and record keepers must be protected against liability by a broad and robust safe harbor in the event that projections, while based on reasonable assumptions, fall short of expectations. We believe that plan sponsors and service providers should have the latitude to decide issues in the best interest of their plan participants, such as whether to provide separate statements, quarterly or annual statements, electronic or paper

statements. Directing participants to DOL or other websites with on-line calculation tools is preferable to requirements to include variables that are not constant (for instance, whether a plan participant has a spouse to be included in income projections).

#### Assumptions and Methods should be simple

Plan participants are unlikely to make changes to their savings programs if the projected income streams based on either the current account balance or on a projected account balance are too complex. Therefore, we encourage showing possible income streams that are based on simple computations that are readily understood (e.g., a stated interest rate assumption versus a rate tied to a third-party source or index; a stated retirement age versus the plan's "normal retirement age" (although that age could certainly be the stated age); and modest assumptions, if any, with regard to increases in the annual amounts contributed to the plan prior to the participant's retirement). We concur with the Department that a "reasonableness" standard, if appropriately defined, would give employers and service providers the necessary flexibility to service their plan participants while controlling reporting costs.

#### Projections should not be burdensome to plan sponsors, service providers or record keepers

Employers need to make decisions in concert with their service providers to provide reasonable projections of income based both on current and projected account balances. The amount of data already being collected by the employer and service providers, the size of the plan, and the number of current and future participants are all factors that will impact what methodologies are most efficient and most beneficial to plan participants. Therefore, we encourage flexibility to allow participant statements to evolve as more data is collected on a going-forward basis.

#### Safe Harbors, Disclosures and Disclaimers should be broad, robust and easily understood

It is imperative that all employers, plan sponsors, and all service providers (record-keepers, third party administrators, product providers, etc.) be covered by a broad safe harbor to protect them against being sued in the event that projections do not match reality at the time of retirement. Even with clear and understandable disclaimers stating that projected income streams and account balances are made only for current planning purposes and are in no way promises or guarantees, the liability risk to employers and service providers would far outweigh the benefit to participants if the safe harbor is inadequate protection from future legal complaints.

Disclaimers and disclosures should be plainly worded and state that the income streams shown on the participant statements are educational and illustrative in nature, and meant only to allow participants to measure whether their current level of savings is adequate for their retirement needs. The statement must provide an absolute shield against liability in the event that a plan participant fails to note that the projections are neither promises nor guarantees.

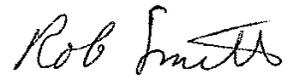
It would also be helpful if the rules allow for directing plan participants to online calculators and other tools, at the DOL website, the service provider website, or a financial educational services website, where participants who so choose can enter their own specific variables (e.g., age of retirement, whether they are subject to joint-and-

survivor spouse rules, years-certain for payment, etc.) to calculate projections more specifically tailored to them individually. NAIFA believes that these tools should not be a replacement for consultation with experienced advisors, but rather can be beneficial as part of an overall planning process.

We trust that the Department will carefully consider the comments and concerns of experts in actuarial assumptions and computations, in the development of systems to maintain and report projections, and other technical issues.

We appreciate the opportunity to offer these comments and look forward to working with the Department as the process continues.

Sincerely,

A handwritten signature in black ink that reads "Rob Smith". The signature is written in a cursive, slightly slanted style.

Robert O. Smith, J.D., CLU, ChFC, LIC  
President