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July 30, 2013

Office of Regulations and Interpretations
Employee Benefits Security Administration
Room N-5655
U.S. Department of Labor
200 Constitution Avenue NW
Washington, DC 20210

Attention: Pension Benefit Statements Project

Re: **Advance Notice of Proposed Rulemaking**
Lifetime Income Illustrations

Ladies and Gentlemen:

We welcome the opportunity to comment on the proposal related to the inclusion of lifetime income illustrations in participant benefit statements. These comments are submitted by the Institutional Retirement Income Council, whose mission is to facilitate the culture shift of defined contribution plans from supplemental savings programs to programs that provide retirement security. By providing a forum for insightful, solutions-oriented thought leadership on institutional retirement income, the IRIC is promoting the need for retirement income adequacy for defined contribution plan participants.

IRIC members believe in and promote the concept that 401(k) and similar plans need to become distribution vehicles and not merely savings vehicles. As a result, our members strongly support the concept of providing defined contribution participants with meaningful illustrations of the income their retirement savings will generate once they terminate employment.

The IRIC generally agrees with the concepts set out in the ANPRM. Rather than respond to the specific questions posed through the ANPRM, however, we are providing you with overarching suggestions on how the disclosures should be made:

1. In our view, lifetime income illustrations and projections should be mandated as part of the participant statements. We submit that, given the risks defined contribution plan participants face – including a lack of understanding of how much they need for retirement, how long their funds will need to last and how to spend the funds when they do retire – it is imperative that participants receive this information. To make the disclosures voluntary, in our view, would be seriously detrimental to participants.

2. At the same time, we recognize that the projection of a future stream of income based on a defined contribution account balance is inherently uncertain. In our view, it would be a

disservice to participants if this uncertainty were not explained. Therefore, we submit that the projections include a statement such as the following:

> "This projection is based on a number of assumptions, and the monthly income amounts shown may or may not be achieved. A key assumption is that you will use your account balance to purchase an immediate life annuity from an insurance company at retirement. Other reasonable methods exist to generate income from your account balance, but they would produce different, possibly lower, amounts of retirement income, and if you do not purchase such an annuity, your actual monthly income in retirement could be less or your account balance could be exhausted before you die."

3. The ANPRM suggests that in making the disclosures, plans should be permitted to use "reasonable" assumptions, though it does provide safe harbor approaches to making the disclosures. We submit that in lieu of this approach, the regulation should mandate a set of assumptions in order to obtain consistency. It is our view that if plan sponsors and plan providers are free to use different assumptions in coming up with the projections, this would do disservice to the participants. For example, if a participant changes jobs (which is a frequent occurrence), the participant may receive widely different projections of his or her lifetime income based on the same account balance because different employers might make use of different assumptions. A significant potential for confusion can arise even in situations where an individual does not change jobs but remains covered by the same plan if the plan changes service providers that employ different methodologies for making the projections. In all of these instances, the information given to participants could vary and create confusion for participants and disincentives to review and take action based on the illustrations.

   In this connection, we also submit that even if a plan offers an annuity product as a distribution option in the plan, the annuity purchase rates built into that product should not be an acceptable alternative to the mandated assumptions; again, our goal is to achieve uniformity. That said, plan sponsors should feel free to provide an additional set of projections based on the annuity purchase rates in plan-offered annuities or similar insured products, such as guaranteed minimum withdrawal benefit features, on a safe harbor basis.

4. We generally support the concept of providing projections based on the current account balance and the projected-to-retirement account balance. We also agree with the assumptions set out in the safe harbors included in the ANPRM with two exceptions:

   a. First, we propose that for the sake of uniformity, the retirement age used in all cases should be the Social Security retirement age for the individual.

   b. Second, we propose that in all instances, the illustrations be provided on a single life and joint and 50% survivor basis – even for unmarried participants – using the assumption that the spouses are the same age. We suggest inclusion of the joint and survivor information in all cases, since life circumstances may change, and it may prove helpful to participants to understand the impact of marriage on their benefits.

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5. While we believe strongly that uniformity of presentation and information is essential, we also recognize that some participants may wish to explore how changes in behavior or economic conditions may impact their retirement income. For this reason, we suggest that participants be directed, in clear, easy to understand terms, to the DOL calculator, which we believe is an excellent tool. In addition, we understand that for a variety of reasons, some plan sponsors and some providers may wish to provide calculations based on different sets of assumptions (such as in the case of an in-plan annuity or similar insured alternative, mentioned earlier). For this reason, we suggest that the regulation permit sponsors and providers to give participants information in addition to the mandated projections, so long as they are accompanied by clear, easy to understand disclosures explaining the reasons for and basis of the additional projections.

6. We submit that the information should be included in quarterly benefit statements provided to the participants rather than sent as a separate notice. We believe thatthe information will have greater impact on participants if it is provided prominently on their benefits statements and that there is some risk that the information might be "lost" if it is included with other disclosures contained in the quarterly statement. We also recognize the administrative burden that is being placed on plan sponsors to provide multiple different types of disclosures in multiple formats at varying times to their active participants (*i.e.,* those currently employed with an account balance), inactive participants (former employees with an account balance) and eligible employees (those with no account balance).

We would be pleased to discuss any of these concepts with the Staff or provide elaboration of these views if that would be helpful. Further, given the objectives of the IRIC and its members, we would be pleased to assist the Department in any other way that might be useful in furthering the goal of providing greater benefits to participants in defined contribution plans.

Respectfully submitted,

William R. Charyk
IRIC President