Dear Sir or Madam,

The American Benefits Council (Council) appreciates the opportunity to comment on the Department of Labor’s (DOL’s) proposed regulation on the selection of annuity providers for individual account plans published in response to a specific statutory directive contained in the Pension Protection Act of 2006 (PPA). The Council is a public policy organization representing principally Fortune 500 companies and other organizations that assist employers of all sizes in providing benefits to employees. Collectively, the Council’s members either sponsor directly or provide services to retirement and health plans that cover more than 100 million Americans.

In response to your proposed regulations, the Council informally surveyed a portion of our plan sponsor members; the responses received indicated that Plan sponsors are examining various ways of helping participants address concerns about longevity though not many appeared to be committed to adding annuity options at this time. However, some expressed an interest in incorporating more defined benefit plan type features into their defined contribution plans in the future. Some of these plan sponsors indicated they have an interest in the proposed regulation because they anticipate that they may consider including annuity distribution options, platforms of institutionally priced annuities available upon rollover to an IRA, or annuity investment options in their plans.

Our plan sponsor members expressed concern that the fiduciary obligations spelled out in the proposed regulations may not be easily and efficiently satisfied, particularly those relating to the ongoing fiduciary obligations. The
Council recognizes that it is important to establish fiduciary standards but we also believe it is important to do this in a manner that does not unduly burden the fiduciary so as to discourage plans from selecting products that may help employees fund a secure retirement. We recognize that employers will be examining a number of alternatives as products evolve to meet the longevity concerns being raised by plan participants. We believe it will be important to balance the desire to establish rigorous fiduciary standards with the need for efficient administration that helps plan sponsors provide options that in turn help plan participants protect against longevity risks. In this regard, we would like to reserve the right to provide additional comments as plan sponsors make plan design and investment changes resulting from the implementation of the Pension Protection Act. In addition, we believe many more plan sponsors will consider longevity issues going forward.

Again, we appreciate the opportunity to comment on the proposed annuity regulations for your consideration in drafting final regulations. We believe that the American Benefits Council offers an important and unique perspective of the employer sponsors of retirement plans and we look forward to continuing the dialog with you on this important issue.

Sincerely,

Jan M. Jacobson
Retirement Policy Legal Counsel