



November 17, 2020

The Honorable Jeanne Wilson
Acting Assistant Secretary
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—Lifetime Income Illustrations, RIN 1210-AB20

Dear Acting Assistant Secretary Wilson:

AARP, on behalf of our 38 million members and all older Americans nationwide, submits the following comments on the Department's interim final rule on Lifetime Income Illustrations as part of participant Pension Benefit Statements. There are approximately 100 million workers, retirees and families for whom individual account retirement plans are a key source of their retirement security. Participant Benefit Statements are the primary way that retirement plans provide individual retirement information and greatly influence workers' ability to understand and manage their retirement readiness and savings.

Lifetime income illustrations were required by the Setting Every Community Up for Retirement Enhancement Act (SECURE) of 2019. AARP was a leading supporter of the SECURE Act, including the requirement that defined contribution plans provide lifetime income illustrations to enable workers and retirees to understand the estimated monthly retirement value of their account balances. AARP supports the Department's determination that lifetime income illustrations should be provided in a uniform and consistent manner across plans. We share the Department's assessment that using uniform terms will best enable workers and families to understand the illustrations, especially for families who change jobs or work for multiple employers with differing retirement savings plans. AARP also agrees that illustrations must be understood by participants and should be presented in a clear manner not overly cluttered by multiple varying projections. Research consistently confirms that consumers best comprehend a few clear choices.

AARP proposes a few additional recommendations for the final rule on lifetime income illustrations:

- 1) The Department's proposal would require showing illustrations only at age 67, the Social Security Normal Retirement Age. As many people retire before age 67, AARP also recommends that the Department require an illustration at an earlier age. We recommend using the Social Security early retirement age, currently age 62. One additional comparison should not be excessive and confusing to consumers, and will provide needed

comparison information for workers who retire earlier than age 67. According to the Organization for Economic Cooperation and Development (OECD) and Social Security Administration (SSA), typical U.S. private sector retirement ages have increased above traditional age 65 retirement, and Social Security retirement application ages are rising closer to age 65. However, women's application ages tend to be younger than for men, and over 25% of applications are made at age 62. Providing the age 62 estimated amount will better enable workers and families to determine if they have sufficient resources to retire early, or whether they may need to continue working and/or saving additional amounts. Currently, Social Security benefit statements show early and normal retirement age earnings estimates (as well as delayed and disability retirement age amounts).

- 2) Lifetime income illustrations should clearly specify if the plan provides an annuity or a lifetime periodic payment option under the plan or if the participant must take action outside of the plan to purchase an individual annuity product or other option that will pay vested retirement benefits over a fixed or lifetime payment period. The Department's model language uses several terms such as "...not a guarantee" which may not have a clear meaning to participants. AARP recommends that the Department test the wording with consumers to best assure participants understand the model terminology. The model language also likely would be more readable with headings and highlighting.
- 3) When plan statements provide the plan's assumptions to participants, it also should provide citations and electronic links to the assumptions so participants may directly review the assumptions. Technology makes such linkage easy for both paper and electronic disclosures.
- 4) Since plans will deliver and participants will receive benefit statements in multiple forms, both paper and electronically, the final rule should make clear that plans should test and check the readability of the illustration for both formats. The Department should specify that the illustration, when presented electronically, is presented as part of the benefit statement and not separated onto a different part of a website, nor separated into multiple parts of an electronic site. Plan administrators should be required to ensure the information is understandable, easily readable, and displayed prominently as part of the benefit statement.

Thank you in advance for considering these comments. If you have any additional questions, please contact Michele Varnhagen, Senior Legislative Representative, at 202-434-3829 or mvarnhagen@aarp.org.

Sincerely,



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