From: mtraley [mailto:mtraley@yahoo.com]
Sent: Tuesday, March 02, 2010 1:24 PM
To: EBSA, E-ORI - EBSA
Subject: Lifetime Income RFI

Lifetime Income RFI:

Background: I am aged 76. Formerly I sold annuities. I have purchased annuities.

1. Advantages and disadvantages of distributing benefits as a lifetime income stream:
   The major and overriding disadvantage is the impact of inflation on a fixed income over time. Inflation seems to be a desirable goal of government. The adjustments necessary to compensate for unknown inflation are, perhaps, more daunting than the actuarial arts can overcome.

   The lifetime income stream is good but the declining value is not good. An option available to a participant might be to be able to begin the income at a lower level without full "annuitization" with the provision that the stream could be increased in increments, not to exceed the amount required to "annuitize" the stream from the date of increase.

   An additional disadvantage of the lifetime income is that the entity providing the income may collapse and the income would cease. Security must be available.

2. Information participants need to make informed decisions: the participant needs to understand the safety of the income stream as opposed to the risks of investing in the hope of increasing the principal sum. The participant also needs to project how long the income will continue if there is no annuity stream but, instead, income based upon various types of investment. A topic frequently not fully understood is that the principal sum no longer exists when the annuity income stream has begun. For some, the annuity stream is not an option they can get their minds around.

3. If there is to be any hope that participants will act with accurate information and understanding, disclosure of account balances and income streams must take place.

4. The marketplace evolves; the annuity principle does not. Some products are marketed which do not involve adequate prudence; they are enticing; they promise more but the certainty that their promises will be met is weak. It's a concern that the financial industry seeks to add the annuity option as "an additional arrow in the quiver" of a 401(k) participant. But it's only a concern because of the injudicious behavior exhibited by some in that industry. The participant in a 401(k) must not be put at risk when it comes to the acceptance of annuities. Only annuity streams that can be faithfully maintained can be permitted as options.

Regards,

William C. Morley