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

Attention: Lifetime Income RFI

I wish to add my statement to the record on this very important subject.

I have been specializing in retirement plans (defined contribution and defined benefit plans) for 25+ years as an advisor and consultant. In my opinion, the guaranteed-payment programs that several industry leaders are now introducing into the market may be one of the most valuable innovations since the creation of the first 401(k).

Guaranteed income programs come as close to the original intentions of ERISA as I can find. The crafters of ERISA were not acting capriciously in naming the Act. Providing *Retirement Income Security* was the basis, foundation, and ultimate goal envisioned in its drafting, and with these very important new programs, ERISA now has the chance to fulfill its title. The realization of this goal may be thirty-six years late, but better late than never.

Realistically, the 401(k) and profit sharing industry spent its first 25 years doing what most experts now agree was a failure. We tried to make the average participant a sophisticated investor who, after group meetings with perhaps a 30 minute presentation on asset allocation and related issues, was expected to make well informed decisions on a complex set of retirement investment options. We all know that, with limited exceptions, the results have been quite different. Actual participant behavior has been to vastly under-perform any reasonable market indicator, and with the market collapses of 2000 and 2008, the results have been a catastrophe for most older participants. Thus, with wide acceptance, retirement date funds have come to dominate in popularity for all but the most skilled investors. Why, you may ask, is this occurring? The reason I believe is quite clear; it is because the participant population knows the problems of trying to invest without professional guidance is fraught with disastrous results. Notwithstanding the terrible outcomes of many of near retirement duration TDF's, the concept still makes sense, after some necessary refinement is imposed.

The result of this situation is that the average participant retires with account balances much smaller than most wealth advisors will accept for clientele, and so they are left to fend for themselves. They then have the unhappy option of having to stick with overly conservative non-asset-allocation behaviors or risk exposing themselves to potential predatory investment tactics. Either of these options makes retirees vulnerable to the ultimate risk: running out of money before the end of life.

In this important area, our goal as a country, via its legitimate regulatory bodies, must be to provide guidance to providers of retirement services that gives them the flexibility to respond to the needs of participants and retirees in a way that encourages life-long income. Guaranteed-payment programs can do that very thing by providing participants a level of income security not heretofore attainable. And this concept cannot be overstated. Income security needs to be the primary goal of the retirement savings industry. It must be promoted and given the level of support that is currently granted to the accumulation phase of the equation.

While skeptics may claim that guaranteed-payment programs are merely asset retention devices, or that they cannot justify the fees charged, my response is to ask them, "How many participants have access to any other guarantee of income that

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they cannot outlive"? The answer is, as we all know, very few indeed. In fact, heretofore the only solution, and a poor one at best, was to purchase an immediate annuity with resulting loss of control, high fees and unattractive returns. Understandably, few participants have been willing to accept these tradeoffs. Despite this lack of adequate means to achieve the result, the desire for income security is, I believe, very high. As it stands now, the only alternative to providing guaranteed-payment programs is to offer fund and/or investment strategies that attempt to provide life-long income without being able to guarantee it. In my opinion, when the fee is 40 or 90 basis points, and the resulting gain is an income that has survived the longevity of this and future generations of retirees, I believe the arguments against income security are simply misguided. Perhaps if one had sufficient assets, and a willing investment advisor with the wisdom and youth to remain active during a retiree's entire post-retirement lifespan, one could make the argument that the fee, albeit a small one, for this guarantee is not of value. However, when compared to the advisory fee of the typical investment advisor of 100 or more basis points, one again is left wondering who is really trying to profit the most from the argument against retirement income guarantees?

Portability is an issue that SPARK among other industry players are currently working to solve. Regulatory easing may be needed to ensure that it is flexible and pervasive throughout the industry.

To me, as is obvious from my arguments, this is a long awaited and well-timed solution to a need that has been present from the beginning of the defined contribution wave that began in the 1970's. Guaranteed life-long income is the needed solution. Now the question is, will regulators craft rules that support it, while at the same time limiting potential for abuse? I trust that the Department of Labor and its able personnel will do just that.

Sincerely,

The Heestand Company

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Retirement Plan Advisor