SVIA

November 13, 2007

Office of Regulations and Interpretations
Employee Benefits Security Administration
Room N-5669
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

Re: Proposed Rules on Selection of Annuity Providers for Individual Account Plans

Dear Ladies and Gentlemen:

The Stable Value Investment Association (SVIA) is pleased to comment on the proposed regulation on the selection of annuity providers for individual account plans, published at 72 Fed. Reg. 52,021 (September 12, 2007).

SVIA is a non-profit organization dedicated to educating public policymakers and the public about the importance of saving for retirement and the contribution stable value funds can make toward achieving a financially secure retirement. As of December 31, 2006, SVIA members managed over $413 billion invested in stable value funds by more than 25 million defined contribution retirement investors.

SVIA's 100-plus corporate members represent every segment of the stable value investment community, including public and private retirement plan sponsors, insurance companies, banks, investment managers and consultants.

The proposed regulation establish a safe harbor for the selection of annuity providers for the purpose of benefit distributions from individual account plans covered by Title 1 of the Employee Retirement Income Security Act (ERISA).

The SVIA supports the Department's goal of providing greater certainty for plan fiduciaries of individual account plans by establishing a safe harbor from fiduciary liability available for the selection of annuity providers. SVIA commends the Department for encouraging the use of investment products that can prevent retirees from outliving their retirement savings.

However, we believe the Department has defined the safe harbor too narrowly to annuity products and has excluded existing products and new product innovations that have the ability to replicate many annuity-like features. SVIA believes products such as stable value funds should also be included in the safe harbor.

Stable value funds are a form of investment made available in defined contribution plans which offer the unique combination of safety of principal with bond-like returns minus the volatility associated with bonds. Stable value funds provide stability and steady growth of principal and earned income with benefit-responsive liquidity so that plan participants may transact at book or contract value. All of these characteristics make stable value ideal for use in retirement, which is why many retirees use stable value to provide an annuity-like stream of income in their retirement years.

Stable value protects retirees from market shocks during their retirement years, which as you know can permanently impair an individual's financial retirement security. Understandably, many retirees have low tolerance for downside risk. An investment solution with enhanced income and principal preservation is helpful toward meeting the dual needs of longevity and steady income. Further, the assets are portable and retirees know that their heirs are not at risk of losing out on their life savings, which discourages many retirees from using annuities.

SVIA encourages the Department to define the safe harbor more broadly to incorporate products like stable value funds that provide protection of principal, a competitive, conservative interest rate, an a steady, predictable income stream of payments during retirement. A more flexible definition will ultimately increase investment choices for plan participants seeking an income stream during retirement, whether from annuities or from products that have annuity-like features, such as stable value. Finally, a broader universe of permitted products will be more responsive to the individual needs and circumstances of retirees, and will encourage innovation in product design in response to the income needs of retirees.

SVIA also requests that the Department clarify the language in Part 2550.404a-4(2)(vi) to include annuity and annuity-like products supported by insurance company general account structures. As currently proposed, the regulations appear to limit the safe harbor to annuity products in separate accounts. This change would maximize product innovation as the issue of retirement income is pushed to the forefront with the retirement of the baby boom generation.

SVIA appreciates your consideration of our views, and is happy to work with you on this important issue.

Sincerely,

Gina Mitchell

Gina Mitchell
President,
Stable Value Investment Association