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Office of Regulations and Interpretations
Employee Benefits Security Administration
Attn: Lifetime Income Joint Hearing, Room N-5655
U.S. Department of Labor
200 Constitution Ave., NW
Washington, DC 20210

CC:PA:LPD:PR (REG-148681-09)
Room 5205
Internal Revenue Service
P.O. Box 7604
Ben Franklin Station
Washington DC 20044

Re: Request to Testify at Hearings on Lifetime Income Options

To Whom It May Concern:

MetLife respectfully requests the opportunity to testify before the Department of Labor (DOL) and the Department of Treasury (the "Agencies") about the issues relating to lifetime income solutions that are designed to provide a guaranteed lifetime stream of income after retirement for participants and beneficiaries in retirement plans.

We would like to commend the Agencies for holding this joint hearing and we would very much appreciate the opportunity to share our thoughts and experiences with you relative to this critical topic.

We request the opportunity to provide testimony on the following issues identified by the Agencies in the hearing announcement. The majority of our allotted time will be spent on the first two topics.

Topic 1: Information to Help Participants Make Choices Regarding Management and Spend Down of Retirement Benefits (Four Minutes)

We would like the opportunity to discuss the particular type of information that is necessary to help participants make choices regarding the management and spend down of retirement benefits.

The DOL has done excellent work in setting forth guidance for plan sponsors on providing education and advice without giving rise to fiduciary liability for providing investment advice.

The DOL, in issuing the SunAmerica Advisory Opinion, has led to a great expansion of advice based on computer models using generally accepted investment theories. Much of this computer model advice is provided through managed accounts, where the advice is implemented automatically and thus is more effective than advice that participants must implement on their own. The DOL has an opportunity to build on the important success that it has achieved in the savings phase by applying the same framework to the distribution phase.

MetLife recommends four additional steps that can be taken with respect to participant education and advice. The first two relate to Interpretive Bulletin 96-1 (IB 96-1) and the second two relate to guidance with respect to advice provided through computer models.

1. Guidance is needed to clarify what education may be provided to participants about the distribution phase without that guidance being treated as investment advice leading to fiduciary liability.
2. The current investment elements of IB 96-1 should be expanded to clarify that education regarding investment in in-plan accumulation annuities and guaranteed insurance products is not investment advice.
3. The DOL should issue "SunAmerica-like" guidance with respect to the distribution phase. In other words, a financial institution would be allowed to contract with an independent expert that would develop and apply a computer model for providing distribution advice based on generally accepted decumulation principles.
4. The final step for the DOL to take is to incorporate in-plan accumulation annuities and guaranteed insurance products into the SunAmerica and Pension Protection Act computer models.

Topic 2: Alternative Designs of In-Plan and Distribution Lifetime Income Options (Four Minutes)

MetLife recommends that the Agencies provide enhanced education to plan sponsors about their ability to offer partial annuitization to participants and the benefits that it can provide. We further recommend exploration of proposals to encourage such plan designs. Offering partial annuitization is critical to the success of creating guaranteed income in retirement. Our experience indicates that, when participants have the opportunity to partially annuitize their account balances, they do so in greater numbers than when total annuitization is their only option.

We also would like to discuss proposals that would encourage in-plan accumulation annuities, such as the incorporation of such annuities into target date funds. Such annuities are critical to the successful development of annuitization within plans. Most importantly, such annuities provide participants with a means to spread purchase payments over time at different interest rates, thus avoiding the risk of purchasing a large annuity at retirement when interest rates may be low. In addition, these annuities allow participants to make purchase payments in small increments; participants who might be intimidated by a large annuity purchase at retirement may be more comfortable buying small pieces of an annuity over time. Finally, buying annuities over time will help participants think in terms of income, not assets, which is critical to obtaining true retirement security.

Topic 3: Disclosure of Account Balances as Monthly Income Streams (One Minute)

MetLife believes that 401(k) plan account balances should be communicated in terms of the lifetime income they represent, in addition to the total account balance, on an annual benefit statement. Educational tools like this, which seek to shift the focus from accumulation to income, can help individuals better evaluate the adequacy of their savings by framing their account balance in terms of retirement income.

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Topic 4: Fiduciary Safe Harbor for Selection of Lifetime Income Issuer or Product (One Minute)

Finally, we would like to state how important it will be for the DOL to resolve the fiduciary concerns that plan sponsors have. Plan sponsors have indicated to us that their decisions to allow annuitization in their plans will turn on this issue. MetLife stands ready to assist you in any way possible as it relates to this very important issue.

MetLife would like to again thank you for holding this hearing. As a society, we – including the government, employers, and the financial services industry – collectively have a role in providing the education and tools to participants so that their efforts to save for their retirement are rewarded with retirement security.

If you have any questions or need additional information regarding our request to testify, please feel free to contact me at (212) 578-0663.

Sincerely,

Robert E. Sollmann, Jr.
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