



May 15, 2017

Senator Chris Murphy
136 Hart Senate Office Bldg.
Washington, DC 20510

Re: S. 868 – Lifetime Income Disclosure Act

Dear Senator Murphy:

On behalf of the Institutional Retirement Income Council (IRIC), we are writing to support adoption of S. 868, Lifetime Income Disclosure Act. The mission of IRIC is to facilitate the culture shift of defined contribution plans from supplemental savings programs to programs that provide retirement security through lifetime income. By providing a forum for insightful, solutions-oriented thought leadership on institutional retirement income, IRIC is promoting the need for retirement income adequacy for defined contribution plan participants. IRIC members believe in and promote the concept that 401(k) and similar plans need to become distribution income vehicles and not merely savings vehicles. As a result, our members strongly support the concept of providing defined contribution participants with meaningful illustrations of the income their retirement savings will generate in retirement.

There have been past legislative attempts to require that participants in defined contribution plans be provided with disclosure of the projected income their retirement savings will generate. Also, the Department of Labor has made efforts to regulate such a disclosure through their Advanced Notice of Proposed Rulemaking (ANPRM) in 2013. However, the comment process on that proposed regulation from industry groups and other groups offered to the DOL a multitude of approaches to consider in the final regulation. The various approaches would have introduced confusion into the DC system due to the flexibility some providers sought in the comments. The Department under the previous administration deprioritized this important effort in favor of other regulatory projects and thus never finalized the regulation.

Due to the above, IRIC believes the legislative effort as outlined in the Lifetime Income Disclosure Act is required to provide meaningful disclosures, disclosures that are consistent across plans and plan providers, to American workers as they prepare for their retirement.

We believe that by mandating a set of assumptions as contemplated in S. 868 participants will receive a consistent message and projection regardless of their employer or service provider. It is our view that if plan sponsors and plan providers are free to use different assumptions in coming up with the projections, this would do a disservice to participants. For example, if a participant changes jobs, the participant may receive widely different projections of his or her lifetime income based on the same account balance because different employers (or their service providers) might make use of different assumptions. A significant potential for confusion can arise even in situations where an individual does not change jobs but remains covered by the same plan if the plan sponsor changes service providers where the new service provider might employ different methodologies for making the projections.

We believe that by directing the DOL through the legislative process to draft regulations that already defines “Lifetime Income Streams,” as an annuity under ERISA Section 205(d), will drive the consistent message American workers need.

Similarly, the creation of a model disclosure and the use of the same or similar variables in the assumptions as contemplated by the legislation will create the consistency needed to drive additional retirement security for Americans.

Finally, we believe that by placing this disclosure on participant statements (as opposed to a stand-alone required disclosure) will give this important projection the attention and discernment needed for American workers to adequately prepare for their retirement. The D.C. industry as a general matter has far too many disclosures, but by placing this projection annually on the participant statement (a document most participants review and understand) will be a transformative and positive development that will change American's saving patterns and create a higher level of retirement readiness.

We also believe the disclosure should be mandated and that plan sponsors should not bear additional liability – both of which are appropriately addressed in the legislative language.

Finally, if you believe IRIC can assist in educating other constituents on the importance of this disclosure, please do not hesitate to reach out to either Bob or Bill for support (contact information below).

Sincerely,

William Charyk

William Charyk – President and on behalf of the IRIC board and members
William.Charyk@arentfox.com 202.857-6162

AND

Sincerely,

Robert Melia

Robert Melia – Executive Director and on behalf of the IRIC board and members
Robertmelia61@gmail.com 609 941-8362