From: Judy Matysik [mailto:JMatysik@PriorityResults.com]
Sent: Thursday, February 11, 2010 2:41 PM
To: EBSA, E-ORI - EBSA
Subject: annuities as a retirement plan option

- It makes a great deal of sense to offer a fixed annuity as a rollover option from a retirement plan, particularly if the participant can roll over just a portion of the distribution into the annuity rather than the entire amount.
- People take lump-sum distributions because, gee, they think they deserve it after saving money all these years. Then they are sorry after they've spent it all and they are living on Social Security. In addition, they are afraid that by taking an annuity if they die soon their heirs get none of the money they saved. Finally, they may be worried that the issuer of the annuity could go under.
- People would consider the fixed annuity payout option if and only if they are given information that supports the option … how much money they can expect, etc., and also if there is some kind of death benefit, survivor benefit or period certain option. Again, it makes sense to give them information on their specific situation … not general information. The information should include: how much money they will get every month and for how long, depending on the annuity payout option versus what you can expect if you take the lump sum and invest it in stocks or bonds, based on historical returns over the anticipated length of retirement. It should include projections based on historical returns and below-average returns (or worst-case scenario).
- I don't think variable annuities make a lot of sense - ever. All of the risk of a mutual fund with more fees and expenses.
- I don't think it makes sense to offer annuities as a savings option **during** their working years. Fixed annuities rarely pay enough to outpace inflation. Variable annuities have the risks of mutual funds with more fees. Both usually have surrender fees.

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