March 6, 2010

U S Dept of Labor
Office of Regulations & Interpretations
Employee Benefits Security Administration
N-5655, 200 Constitution Ave N W
Washington, D C 20210

Atten: Lifetime Income RFI

Gentlemen:

This is in response to an article in the Seattle Times February 21. My perspective has developed from: being an employee-benefits administrator for a state-wide bank with 1900 employees, qualifying as a CFA, graduating as an MBA in finance, as a trust investment officer with two banks and ten years as a Washington bank examiner, including trust departments.

In the Times article Kerry Pechter, editor of "Retirement Income Journal" said "There are already lots of perfectly practicable income solutions…." I agree. Also Moshe Milevsky, associate professor at York U, Canada, "Labor Dept needs to specify what qualifies as an annuity so the label doesn't mislead retirees;" he also emphasized retirees need to understand annuities can interfere with bequest plans, particularly if a significant portion of assets are invested in an annuity and the retiree actuarially dies early. In the same item Robert L Reynolds, CEO of Putnam Investments, made several recommendations including a Federal fund to insure annuities (similar to FDIC); in my opinion the Government has enough pending liabilities without undertaking more, which likely have the experience of the Pension Benefit Guaranty Fund.

Another risk of any annuity is the capability of the issuer to meet the continuing obligation for 20 or 30 years from now for a period of 20 or 30 years. If an insurance company or any other issuer is less than AAA rated the retiree may have the obligation either modified or lost in case of bankruptcy.

If the Labor Dept does require employers to offer an annuity, keep it simple, at most a joint annuity; the more complex an annuity is, the more it costs and the more difficult is is to evaluate all the ramifications.

Finally the true investment return should be clear, especially for a retiree unfamiliar with financial matters. In my opinion annuities provide a poor return. For example at my age they offer 10% yield yet since actuarially I have only four years to live I can't recover my investment. The solution is for a retiree to have the advice of a qualified professional who can point out the interrelationship of all the factors so the retiree can make choices he understands and the Government can't provide that.

Sincerely,

Ralph R McCoy

Ralph McCoy, 2410 W Manor Pl, 303, Seattle Wa 98199