From: Watkins, Laura [mailto:LSWatkins@sfbcic.com]
Sent: Monday, April 19, 2010 9:49 AM
To: EBSA, E-ORI - EBSA
Subject: RIN 1210-AB33

Dear Sir or Madame:

I am writing in response to the DOL's request for comments concerning life time income from retirement plans. I am the 401(k) Plan Administrator for Southern Farm Bureau Casualty Insurance Company in Ridgeland, Mississippi. I have been administering our 401(k) plan for over 20 years. Our plan has 4,000 participants and about $300 million in assets. We offer the 401(k) plan in addition to a pension plan that is totally funded by the company.

I would like to provide you with a few thoughts to consider when evaluating annuity options in 401(k) plans. Our plan offers an option that I believe is better than an annuity option. We allow retirees to leave their money in the plan and draw it out as needed. They can set up a recurring monthly distribution. They can stop, start or change the amount at any time. Our retirees love the flexibility of this option. The can take advantage of our plan's full menu of investment choices during retirement. This allows the retirees to invest with the amount of risk that is appropriate for them. It also allows them the flexibility of taking a distribution amount that is appropriate for that time in their life. As their life changes (sickness, death of spouse, etc.), they can change their distribution amount.

I'm not sure if our plan's "take it as you need it" option would meet your definition of lifetime income produce. A participant can run out of money. That is generally because they never put enough into the plan to begin with. It is not a function of what withdrawal options they were offered.

Just as a point of information, our retirees do not pay a fee for this service. This was part of the services we negotiated with our vendor.

For years we offered annuity options, but no one ever took advantage of the option. As a fiduciary of the plan it always made me nervous to even offer annuities. We would present a variety of annuity providers to any participant that asked about an annuity. We had a list of criteria that we followed to select the vendors (A.M. Best ratings, etc.). All of my fiduciary diligence would be for a single point in time, the date the annuity was purchased. What if the provider had financial problems 20 year down the road? Would my participants still be protected?

I do not believe that annuities should be forced on plan administrators. Our plan is not broken. Please do not fix it.

Here are my thoughts of some of your questions.

- Why do so many participants currently opt for a lump-sum distribution and not for an annuity or other lifetime payment program? **In my experience, a lot of the younger employees that terminate service do tend to take the lump-sums. Adding annuity options to the plan will not change that practice. If they won't consider rolling their money into an IRA or leaving it in our plan I know they won't take annuity. Very few of our older participants take a lump-sum as cash. They take advantage of our "take it as you need it" option.**
- What are the advantages for participants and plan sponsors about having a lifetime income product inside versus outside of the plan? **One advantage is that the participant can still control their investment options. They can decide how conservative or aggressive they want to invest. Another advantage of having the payout option within the plan is the flexibility of changing your distribution as your life changes. Health related problems may cause a retiree to need additional funds at certain times. With our plan's flexible options the participants can take distributions as they actually need the money.**
- Should some form of lifetime income distribution option be required for defined contribution plans? **No.** If so, should that option be the default distribution option, and should it apply to the entire account balance? **No.**
- Are there differences in the way various demographic groups would view lifetime income products that should be taken into account by regulators? **Younger employees would not even consider the option.**
- What participant education is necessary for the lifetime income products issue and how should it be provided? **I think all education efforts should be determined by the plan sponsor. I know my participants. After doing this for 20 years I know what works and what does not. We have worked hard through the years to provide our participants with education on the 401(k) Plan. Please do not try to force required "education" on plans. More disclosure notices will not help participants. They will not read them.**
- Are employers that sponsor both defined benefit and defined contribution plans allowing participants to use their defined contribution plan lump-sum payouts to "purchase" lifetime income from the defined benefit plan? **We don't allow participants to purchase life time products from the pension plan. I do not believe any of my participants would even consider this option.**

Please feel free to contact me at (601) 957-4495 if you have any questions.

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