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Submitted electronically via email to ORI@dol.gov

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

Dear Sir or Madam:

Re: Lifetime Income Joint Hearing

Hewitt Associates (Hewitt) welcomes the opportunity to provide comments to the Department of Labor (the Department) and Internal Revenue Service (IRS) at the joint hearing on September 14, and if necessary, September 15, 2010, on the topic of a lifetime stream of income after retirement for participants and beneficiaries in retirement plans. The departments request for information (RFI) was published in the Federal Register on February 2, 2010. Hewitt submitted comments related to the RFI on income options and would now like to address some of the issues we raised in our letter at the hearing.

Who We Are

Hewitt Associates is a global human resources outsourcing and consulting company providing services to major employers in more than 30 countries. We employ 23,000 associates worldwide. Headquartered in Lincolnshire, Illinois, we serve more than 2,000 U.S. employers from offices in 30 states.

As one of the world's premier human resources services companies, Hewitt Associates has extensive experience in both designing and administering 401(k) plans for mid- to large-sized employers, including helping employers to communicate with their participants about this increasingly important benefit. We are the largest independent provider of administration services for retirement plans, serving more than 11 million plan participants. We do not manage funds and we have no affiliations with any investment management firms.

Issues for Hewitt Testimony

The two topics we wish to address at the hearing are:

1. Certain Specific Participant Concerns Affecting the Choice of Lifetime Income Relative to Other Options. (5 minutes)

We would like to discuss the importance of fee transparency and institutional pricing to the adoption of lifetime income options by plan participants.

First, fee transparency is important for the following reasons:

- Despite the stock market's recovery, Americans are still struggling to recoup the historic losses sustained in their 401(k) plans over the past two years. One obstacle is excessive 401(k) plan fees, which may be robbing participants of thousands of hard-earned dollars over the course of their career. Fee transparency will provide participants with the confidence needed to make informed, educated choices about distribution options.

- From a plan fiduciary's perspective, fee transparency is necessary because it enables the fiduciary to make informed decisions on whether to add lifetime income options to their defined contribution plan, which options to add, and which provider(s) to select. Without a fiduciary's blessing, plan participants will not have the opportunity to access lifetime income options from their plans.

- Finally, fee transparency will facilitate competition among providers of such lifetime income options, keeping costs down for plans and plan participants.

Second, we propose that we discuss the importance of institutional pricing to the success of retirement income options. Millions of plan participants have access to a 401(k) plan with significant assets. Because of the scale afforded such plans, participants benefit from significantly reduced pricing of investments, administration, and other plan services, which directly impacts the account balances of participants. Hewitt recommends encouraging adoption of lifetime income options through institutional plans to provide similar pricing leverage to make these options more affordable and attractive for plan participants.

2. Alternative Designs of In-Plan and Distribution Lifetime Income Options. (5 minutes)

We would like to address the need for flexibility and innovation with respect to designs allowed and encouraged within qualified retirement plans.

Most defined contribution plans today fail to provide participants with the necessary tools to effectively manage postretirement risks, forcing them to look toward external, retail-focused options. Our research shows that when traditional features such as immediate rollover annuities are made available, few participants take advantage of them, suggesting that new solutions or strategies are needed in order for retirees to meet the challenges and risks faced in today's environment.

We urge the DOL and IRS to encourage flexibility and to support innovative solutions—including insurance solutions, asset management and managed payout solutions, and participant education and guidance—so that plan sponsors can offer the tools and features that are best suited for their own unique participant populations.

Conclusion

Hewitt commends the Agencies for their ongoing efforts to help Americans achieve income adequacy in retirement. Plan sponsors have a unique opportunity to influence the decisions of millions of Americans when it comes to lifetime income options. Additionally, they can leverage their size, scale, and fiduciary prudence to deliver cost-effective solutions designed with the participants' best interests in mind. We would appreciate the opportunity to present our comments and recommendations directly to the Agencies. If you have any questions or comments, please contact the undersigned at the telephone number or email address provided below.

Sincerely,

Hewitt Associates LLC

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