Submitted Electronically
August 16, 2010

To: The 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, NW.,Washington, D.C. 20210

E-mail address – e-ORI@dol.gov

From: Leonard M. Glynn, Managing Director, Policy,
Putnam Investments
1 Post Office Square, Boston, Ma.
Leonard_glynn@putnam.com
617-760-1074

Putnam Investments requests permission to send a representative of our company to speak, answer questions and offer written testimony at the September 14 Joint Hearing on Certain Issues Relating to Lifetime Income Options for Participants and Beneficiaries in Retirement Plans (Federal Register/Vol. 75, No. 153 -- pages 48367-8 -- Tuesday August 10, 2010).

We would choose to focus on the third of the five key issues that the Joint Hearing will address: the disclosure of account balances as monthly income streams. Our intention would be to speak for five minutes or less and address several issues related to question 3 – as summarized below.

First, Putnam believes that providing for future income is the prime rationale for the tax advantages granted to defined contribution savings plans like 401(k)s, 403(b)'s 457s and others. Yet this central goal – lifetime income – has too often been obscured by an industry – and individual -- focus on asset accumulation, account balances, investment choices, asset allocation and other issues.

We believe that the focus of workplace savings policy needs to shift. From the beginning of an individual's retirement savings journey, the lens through which workers view their job-based retirement savings plan should be changed from a focus on the accumulated savings balance to the assets' potential for generating reliable income for life.

To that end, our own new 401k Participant web site offers immediate access – as the first information displayed – to Putnam's Lifetime Income Analysis Tool.® This enables plan participants to measure how much income their savings can be reasonably estimated to generate at their projected retirement date. They can readily "see" estimates that show whether they are on track to have sufficient income to maintain their current lifestyle once they stop working. And they can take immediate action to get on track or close any income

gap the tool discloses by changing their current deferral rate, asset allocation or projected retirement age.
Through this site, then, the "lens" has been changed – and while traditional balance data is readily available – it is not primary. A lifelong income planning view is the first angle from which participants in Putnam's defined contribution plans see their own progress and they are "educated" – dynamically – to measure their progress in terms of future income replacement, rather than only by raw asset accumulation.

Participants can use this tool to act – immediately – and change some of the key variables that impact future income potential – specifically, their rate of savings (deferral), their asset allocation, and the future date at which they plan to retire. They are also able to take full account of future income from both Social Security and other (non-plan) retirement assets when they calculate their income potential. Putnam's initial experience with this process strongly suggests that this new "view" does, in fact, influence participants' savings behavior.

To make such an income "view" an effective motivator, it is vital that financial service providers be permitted to calculate estimated future income potential based not just on current account balances, but on contribution rates and potential asset appreciation to some future retirement age. Expressing participants' account balances in terms of current income-generating potential could actually undermine confidence and de-motivate savers by vastly understating the future income potential they are on track to achieve.

We believe that participants who learn to interpret their workplace savings through the "lens" of their future potential to generate lifelong income will be much more willing as they approach retirement age to consider products and services designed to convert their balances into lifetime income streams. This kind of experience-based "education" can – and should – be supplemented over time by traditional communications and information to participants about the benefits and trade-offs inherent in either annuity or non-annuity lifetime income products and strategies.

Regulatory and policy action that encourages financial service providers and plan sponsors to emphasize an "income" view of workplace savings could help speed the adoption of such an approach – and begin changing workplace savers' mindset about their goals. We would also support efforts to offer plan sponsors and advisors strong legal safe harbor for advocating or adopting plan design elements that emphasize a lifetime income "view" or offer participants education and guidance to appropriate lifetime income products and strategies.

#####