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## RIIA Weighs In on In-Plan Income Options

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By Editor Test      Wed, Apr 21, 2010

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*Lifetime income options should be offered by all defined contribution plans, but they shouldn't be mandated elections for all participants, RIIA says.*

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The Retirement Income Industry Association's Retirement Plan and IRA Committee on Lifetime has submitted its recommendations to the U.S. Department of Labor in response to the government's request for input on how best to bring some of the income benefits of defined benefit pension plans to defined contribution plans.

Among RIIA's recommendations:

Lifetime income options should become mandated options for all defined contribution plans; but RIIA is not advocating that such lifetime options become mandated elections for all participants.

At a minimum, DoL needs to create a safe harbor detailing the circumstances under which information and assistance can be given to participants without the risk of fiduciary liability.

Further, DoL may want to promote the dissemination of education materials, to participants, that focus on the process of retirement income planning (flooring and upside) and retirement income distribution (investment vehicle and product selection), including the consideration of their human, social and financial sources of capital.

The DoL should consider the following lifetime income options within the context of a decumulation QDIA:

- One or more annuities, providing income for life or to a covered life and survivor on a joint and survivor basis.
- One or more stable value funds where the fund is an investment option available to participants within the plan. Such stable value fund options should be extended to IRA accounts, subject to the development of sophistication criteria applicable to the trustee or custodian.
- One or more products that combine lifetime income and risk premium applicable to insuring certain catastrophic risks (e.g. long-term care) that serve to deplete accumulated assets.
- One or more products or funds that are principal protected (e.g. laddered maturities), issued or managed by the U.S. Government or an instrumentality thereof or by a state or federal regulated creditworthy financial institution.
- One of more products or funds that combine (i) items 1 through 4 above and (ii) a money market fund.