
Spark Institute Seeks Input on Proposed Data Standards for In-Plan Income Options

By Editor Test *Wed, Aug 4, 2010*

"The absence of standards for sharing necessary information among the insurance product providers and unaffiliated record keepers [is] an impediment to more widespread access to these products," said Spark attorney Larry Goldbrum.

The SPARK Institute is seeking public comment on a draft of information-sharing standards and data records for lifetime income solutions that are used in retirement plans. "These standards will make it more feasible and cost effective for record keepers and insurance carriers to make retirement income solutions available to plan participants," said Larry Goldbrum, the group's general counsel.

The document, "Data Layouts for Retirement Income Solutions," is posted on The SPARK Institute website at <http://www.sparkinstitute.org/comments-and-materials.php>. Comments are due by Friday, August 13 and should be sent to lifetimeincome@sparkinstitute.org.

"The standards "will allow customer-facing record keepers to offer one or more products from unaffiliated insurance carriers; will facilitate portability of products when a plan sponsor changes plan record keepers (record keeper portability); and will support portability of guaranteed income when a participant has a distributable event in the form of a rollover to a Rollover IRA or as a qualified plan-distributed annuity (participant portability)," he said.

The standards were developed by an 80-member SPARK Institute task force drawn from 35 member and non-member companies, including the insurance companies that issue income products, along with record keepers and other trade organizations.

"We are soliciting comments and feedback to help us further refine the standards before final release," Goldbrum said. "You do not have to be a SPARK Institute member to comment on the standards; in fact we encourage comments from all interested parties in an effort to encourage wide-spread adoption of the standards when they become available," he added.

The standards accommodate such in-plan options as fixed deferred annuities, guaranteed minimum withdrawal benefits (GMWB) and guaranteed minimum income benefits (GMIB) solutions under several different service models followed by insurance carriers, including a record keeper traded model, provider traded model and guarantee administrator model.

"They were designed to be flexible and accommodate as many products and services as reasonably possible, but still maintain a reasonable degree of certainty so there are reliable common standards among users," Goldbrum said.

With the growing importance of retirement income solutions for American workers, providers have begun developing innovative products to address the need," Goldbrum said. "But, since the absence of standards

for sharing necessary information among the insurance product providers and unaffiliated record keepers was an impediment to more widespread access to these products, our members asked us to develop industry standards as we did for 403(b) plans.”

“We believe strongly in the importance of lifetime income solutions in DC plans and the importance of providing a practical solution to the portability challenge,” said Charlie Nelson, chairman of The SPARK Institute and president of Great-West Retirement Services. “The SPARK Institute standards eliminate the portability challenge by providing a practical and innovative solution that record keepers and product providers in the DC market can use to make lifetime income products portable.”

The SPARK Institute represents retirement plan service providers and investment managers, including banks, mutual fund companies, insurance companies, third party administrators and benefits consultants. Collectively, its members serve over 62 million participants in 401(k) and other defined contribution plans.

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