

March 28, 2019

The Honorable Richard E. Neal
Chairman
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Neal,

As the Ways and Means Committee reviews the Retirement Enhancement & Savings Act (RESA), The ERISA Industry Committee (ERIC) urges you to modify the Lifetime Income Disclosure Act (LIDA) provision currently contained in the legislation. LIDA is a mandate on an employer's communication with its employees, and on behalf of the large employers that our association represents, we urge you to tailor the mandate so that it would be most relevant to the employer's retirement plan and most informative to plan participants.

Annuities are not common options in defined contribution plans offered by employers and as currently drafted the LIDA mandate will greatly confuse plan participants without advancing retirement savings options. We urge you to modify LIDA to:

- (1) provide greater flexibility to plan sponsors on how they communicate to plan participants on the importance of saving for a lifetime of needs, and
- (2) give participants the ability to model retirement income options based on their individual circumstances (expected working life, expected contributions, personal financial goals, etc.)

These changes would still ensure that participants are provided lifetime income information, without the government inadvertently providing its imprimatur to one specific product—annuities—over other investment products.

ERIC is the only national trade association that advocates exclusively for large employers on health, retirement, and compensation public policy issues on the federal, state, and local levels. ERIC supports the ability of its large employer members to tailor health, retirement, and compensation benefits for millions of employees, retirees, and their families. Our member companies provide comprehensive retirement benefits to tens of millions of active and retired workers and their families, as well as robust financial wellbeing programs to support them and improve their financial health and retirement security.

Since LIDA was first introduced in 2009, plans sponsors have voiced serious concerns about the specific lifetime income disclosure obligation imposed on communications between the employer and employee-participants. The rigidity of the mandated disclosure would create needless confusion and additional costs, as well as stifle innovation.

Each year plans are implementing and offering more educational tools, such as on-line calculators, that allow participants to input their individual assumptions and receive information that is tailored to their unique

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circumstances. On the other hand, LIDA will present plan participants with complex illustrations that will likely have very little relevance to their personal circumstances.

We agree with the primary public policy goal of LIDA to increase plan participant understanding of the importance of saving for a lifetime of needs but believe strongly that there are better ways to achieve it than the proposed rigid, limited approach, which calculates lifetime income based solely in the form of an annuity payment. These better ways would not need a wholesale rewrite of LIDA, rather just allow options for plan sponsors that would provide relevant information for plan participants.

We would like to work with you to enhance retirement savings opportunities, including lifetime income options, but in a more effective and flexible manner than LIDA currently would provide. We have previously shared alternative approaches that would encourage plan participants to consider lifetime income streams and we are committed to continuing these conversations.

We look forward to working with you on to improve the LIDA provision by providing flexibility which supports and coordinates with the robust financial planning efforts that companies are already providing to their employees and could help make significant improvements in retirement security. Thank you for the opportunity to share our concerns. If you have any questions, please contact either Aliya Robinson, Senior Vice President for Retirement and Compensation Policy, or me, at 202-789-1400.

Sincerely,

A handwritten signature in black ink, appearing to be 'Aliya Robinson', written in a cursive style.