



Defined Contribution
Institutional Investment
Association

**CFTC/SEC Request for Comment on
Stable Value Contracts
September 26, 2011**

The Defined Contribution Institutional Investment Association (DCIIA) commends the Commodity Futures Trading Association (CFTC) and the Securities and Exchange Commission (SEC) in their efforts to better understand the extent to which stable value funds constitute swaps for the purposes of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Executive Summary

The Dodd-Frank Act was created to establish additional safeguards against systemic risks that could threaten economic stability. However, stable value contracts did not create the type of systemic risk which caused the crisis. Stable value contracts are already subject to significant regulatory oversight that is wholly consistent with the basic goals and objectives of the Dodd-Frank Act. Subjecting stable value funds to additional unnecessary regulation could drive stable value contract issuers from the market or otherwise reduce capacity, make costs prohibitive, and as a result significantly reduce the yield to participants, possibly to the point that stable value would no longer be a viable alternative in the retirement plan investment spectrum.

Background

Stable value funds are conservative investment options available in 401(k) and other participant-directed defined contribution retirement plans. A key factor in the appeal of stable value funds is that—pursuant to American Institute of Certified Public Accounting (AICPA) Statement of Position 94-4, as amended ("SOP 94-4")¹—defined contribution plans participating in stable value funds may account for participant balances at "book" value (*i.e.*, invested principal and accrued interest). As such, participants may receive book value for participant-initiated benefit responsive withdrawals, loans, and transfers to other plan investment options. This unique feature of stable value funds has consistently allowed defined contribution plan participants to

¹ Statement of Position 94-4 ("SOP 94-4") provides that a defined contribution pension plan may report "benefit-responsive" investment contracts at book or contract value (*i.e.*, the sum of invested principal plus accrued interest). As described by SOP 94-4, "[a] fully benefit responsive investment contract (whether with an insurance enterprise or other entity) provides a liquidity guarantee by a financially responsible third party of principal and previously accrued interest for liquidations, transfers, loans, or hardship withdrawals initiated by plan participants exercising their rights to withdraw, borrow, or transfer funds under the terms of the ongoing plan." See Statement of Position (SOP) No. 94-4-1, "Reporting of Fully Benefit-Responsive Investment Contracts held by Certain Investment Companies Subject to the AICPA investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans" (December 29, 2005), (New York: AICPA), available at www.fasb.org. This enables a plan to use "book value accounting" (*i.e.*, accounting for principal and interest credited at a contract crediting rate) under which participants may withdraw funds at contract value for purposes of receiving plan benefits or making transfers to other (non-competing) investment options offered under the plan. This benefit-responsive accounting feature differentiates stable value from other fixed income investments that may be offered under a defined contribution plan, such as a bond fund.

enjoy the yields associated with a high quality short- to intermediate-duration fixed income portfolio,² while also experiencing low volatility due to the stable value contract “wrapper.”

Stable value investments have evolved over more than thirty years. The original form of stable value investment was the guaranteed investment contract or “GIC.” There are many varieties, but GICs typically provide for a guarantee of principal and accrued interest and benefit-responsive participant-initiated withdrawals at book value. The plan is typically issued a group annuity contract, and the insurance company owns and retains custody of the assets backing the contract. As such, the guarantee is backed by the insurance company’s general account assets.

Insurers also offer separate account GICs, which differ from traditional GICs in that the underlying securities are accounted for in a separate account that remains insulated from claims of the insurance company’s general creditors in the event of the insurance company’s insolvency. As with GICs, the plan is issued an annuity contract, not direct title to the assets in the separate account.

The stable value market was dominated by life insurers through most of the 1980’s. The market has since evolved to include synthetic GICs, which consist of two parts: a pool of assets held by the plan’s custodian and a wrap contract providing book value protection for participant-initiated benefit responsive withdrawals. The synthetic thus unbundles the GIC’s investment and insurance components. Synthetic GIC “wrap” contracts are issued by banks and life insurance companies.

Today, most defined contribution plans invest in stable value portfolios through large pooled collective investment funds offered by federal or state regulated trust companies, in which multiple plans participate, or, in the case of larger plans, through separately managed accounts managed by regulated investment advisors. The pooled stable value funds and larger plan stable value funds typically hold direct or indirect interests in multiple stable value contracts from a variety of bank and insurance company issuers, which mitigates the potential negative impact in the event of an issuer default. In all, stable value funds are held in 127,000 defined contribution plans.³

Defined Contribution Participant Utilization

For many years, stable value has been the most prevalent conservative investment option in 401(k) plans. As of mid-year 2011, 61% of defined contribution plans offered a stable value fund, with an average allocation to stable value of 17% across plans offering this investment type. In contrast, 58% of plans offered money market funds, with an average allocation of 6% of assets when offered. Table 1 shows the prevalence of various asset classes within defined

² According to the Stable Value Investment Association’s Quarterly Characteristics Survey as of June 30, 2011, the average credit quality of stable value funds is currently reported in the AA+ to AA range. Portfolio duration within stable value funds is currently managed at around 2.8 years

³ Stable Value Investment Association, *Stable Value Sound Solutions for Today’s Retirement Challenges*, September 7, 2011.

contribution plans as of 6/30/2011 as well as average amount of assets in each asset class when offered.⁴

Table 1

Prevalence and Utilization as of 6/30/2011		
Asset Class	Average Weight	Prevalence
Alternatives/Other	8.3%	1.4%
Target Date Funds	18.3%	73.6%
Brokerage Window	5.4%	22.2%
Company Stock	15.8%	41.7%
Convertible Fixed	0.9%	1.4%
Domestic Fixed	9.9%	98.6%
Domestic Large Cap	22.1%	100.0%
Domestic Small/Mid Cap	11.6%	100.0%
Domestic/Global Balanced	17.5%	59.7%
Emerging Markets Equity	3.2%	8.3%
Global Equity	10.2%	11.1%
High Yield Fixed	1.5%	5.6%
International Equity	7.1%	100.0%
Int'l/Global Fixed	1.0%	9.7%
Money Market	6.1%	58.3%
Real Estate	1.9%	18.1%
Real Return/TIPS	1.1%	26.4%
Specialty Equity / Sector	3.8%	4.2%
Stable Value	17.3%	61.1%

Stable value is an appealing option for plan participants because of its unique role in the retirement plan lineup. Historically, stable value has generated returns more comparable to short/intermediate bonds versus lower yielding money markets (see Table 2 Annualized Returns).⁵

⁴ Callan DC Index™ 2nd quarter 2011 results.

⁵ In Table 2 and 3 and Figure 1: The Hueler Analytics Stable Value Pooled Fund Index provides an equal weighted total return average across 18 pooled funds in the universe and represents investment strategies of \$103 billion, and is used as a stable value proxy; the BarCap US Treasury Bills 1-3 Month Index return is used as a money market proxy; the BarCap 1-5 Yr. Gov't/Credit Index return is used as a short/intermediate bond proxy; and the S&P 500 Index is used as an equity proxy.

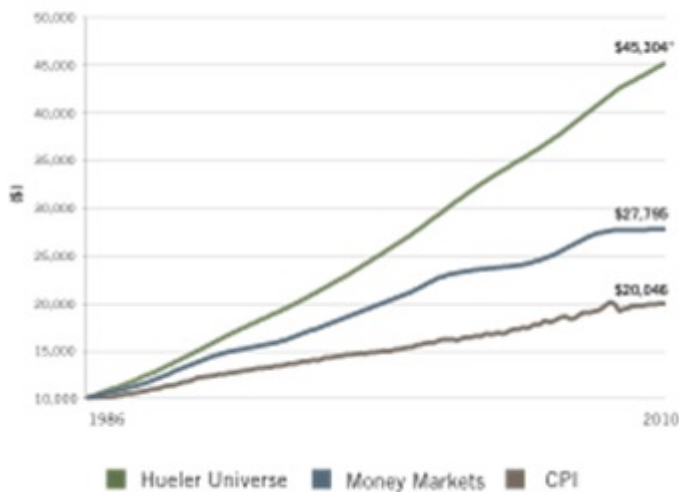
Table 2

Annualized Returns as of 12/31/10

Performance	Annualized Returns				
	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr
S&P 500 Index	30.69%	3.34%	2.94%	2.71%	6.50%
BarCap 1-5 Yr Gov/Credit Index	4.08%	4.61%	5.05%	4.88%	5.27%
Hueler Stable Value Pooled Fund Universe	3.12%	3.60%	4.10%	4.57%	5.17%
Money Markets	0.13%	0.68%	2.30%	2.25%	3.27%
CPI (Inflation)	1.50%	1.43%	2.18%	2.34%	2.40%

Figure 1 set out below also shows that, translated into growth of \$10,000 over time, the average stable value fund has been able to provide significantly greater growth for participant balances than money market funds, as the chart below demonstrates.

**Figure 1. Stable Value Outperforms Money Markets
Growth of \$10,000 Over 25 Years¹**



¹Before fees. Fees would reduce the growth of \$10,000 shown. Fees vary on a fund by fund basis.

Further, due to book value accounting provided by stable value contracts, stable value funds have been able to deliver these attractive returns at volatility levels that are in line with that of money market funds, as Table 3 demonstrates.

Table 3

Volatility of Return as Measured by Standard Deviation (as of 12/31/10)

	1 Year	3 Year	5 Year	10 Year	15 Year
S&P 500	22.43%	22.32%	18.60%	16.90%	17.71%
BarCap 1-5 Yr Gov/Credit Index	1.83%	2.62%	2.28%	2.47%	2.39%
Hueler Stable Value Pooled Fund Universe	0.02%	0.21%	0.24%	0.27%	0.34%
Money Markets	0.02%	0.29%	0.64%	0.53%	0.62%

In particular, older workers in DC plans have come to rely on stable value funds, with the typical 401(k) investor in his or her 50s allocating 21.3% of balances to such funds in 2009 and the typical 401(k) investor in his or her 60s allocating 32.6% of balances to such funds at that time.⁶

How Stable Value Fared During 2008 Financial Crisis

During the 2008 financial crisis, stable value funds were viewed as critical safe havens by defined contribution plan participants of all ages, with participants directing monies to stable value funds throughout the period. In particular, in the third quarter of 2008, 42% of defined contribution plan flows were directed to stable value funds; in the fourth quarter, stable value received nearly two-thirds of defined contribution plan flows (see Table 4).⁷ At the depth of the crisis in December 31, 2008, plan participants held \$347 billion in stable value fund assets that yielded on average 4.05%.⁸

Table 4

	DC Inflows and Outflows Across Asset Classes							
	31-Mar-08	30-Jun-08	30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	30-Sep-09	31-Dec-09
Alternatives/Other	0.38%	0.41%	0.94%	2.26%	-2.18%	-4.68%	-0.37%	-1.11%
Target Date Funds	43.90%	26.85%	18.60%	20.77%	32.13%	22.15%	28.64%	60.25%
Brokerage Window	1.20%	3.14%	-5.39%	3.75%	4.59%	-0.17%	-3.35%	-6.17%
Company Stock	3.89%	-97.82%	-6.87%	1.30%	-44.49%	7.07%	-20.54%	-16.75%
Domestic Fixed	26.04%	8.16%	13.95%	2.49%	4.46%	-4.02%	14.91%	14.10%
Domestic Large Cap	-40.42%	13.04%	-20.25%	3.04%	10.45%	30.43%	-10.69%	-13.35%
Domestic Small/Mid Cap	-31.96%	2.61%	-2.73%	-6.93%	4.91%	9.50%	18.69%	1.13%
Domestic/Global Balanced	-5.96%	17.11%	-26.02%	-59.48%	-39.17%	17.16%	12.76%	-8.29%
Emerging Mkts Equity	-7.79%	-0.39%	-3.53%	-0.74%	0.10%	0.94%	1.08%	0.72%
Global Equity	-1.41%	0.61%	-1.61%	-4.73%	-2.89%	0.57%	0.08%	0.28%
High Yield Fixed	-2.04%	0.10%	-0.04%	0.15%	0.43%	0.61%	0.65%	0.19%
International Equity	-3.00%	17.07%	-28.14%	-8.01%	7.13%	9.99%	19.66%	18.54%
Int'l/Global Fixed	-0.94%	0.14%	0.21%	0.19%	0.25%	0.32%	0.64%	0.83%
Money Market	8.26%	4.14%	23.15%	0.18%	7.46%	-11.72%	-15.55%	-6.11%
Real Estate	-4.66%	1.30%	-3.69%	0.39%	0.67%	0.91%	1.15%	0.26%
Real Return/TIPS	-1.30%	0.20%	0.66%	-2.25%	-7.10%	-0.15%	-1.30%	1.18%
Specialty Equity / Sector	-0.16%	-1.79%	-1.73%	-16.90%	-0.83%	-0.28%	0.06%	-0.12%
Stable Value	16.33%	4.87%	41.87%	65.46%	27.42%	-78.99%	-48.19%	-48.11%

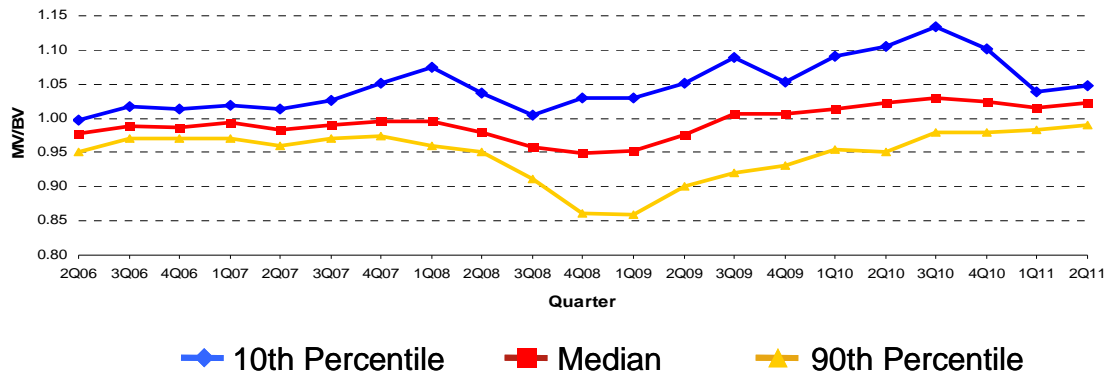
⁶ 401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2009 by Jack VanDerhei, EBRI; Sarah Holden, ICI; and Luis Alonso, EBRI.

⁷ Callan DC Index 2nd quarter 2011.

⁸ SVIA's Stable Value Funds' Quarterly Characteristics Survey as of June 30, 2011.

To be sure, stable value funds were not immune to the woes of the financial crisis. Stable value fund market-to-book value ratios—one measure of the health of a stable value fund—came under pressure, with some stable value funds’ market values dipping to lower than 90% of book value (see Figure 2).⁹

Figure 2



In the case of the Lehman Brothers defined contribution plan, the stable value fund even experienced a write-down at the termination of the contract (due to Lehman’s bankruptcy filing) amounting to 1.7% of assets in December 2008. Yet, even in that case, the annual return of the stable value fund for that year (2008) was positive at 2%. Further, as shown in Figure 2, stable value fund market-to-book ratios generally have rebounded from 2008’s depressed levels. In all, the financial crisis reflected how stable value funds stabilize fluctuations in market values to decrease volatility for plan participants.

Stable Value Capacity and Cost

As a result of the financial crisis, like many within the financial services industry, stable value wrappers have undergone changes. These include increasing wrap fees. Wrap fees—which were as low as 6 basis points in 2007—are now in the 20 basis point range (where they were in the early 1990s). Some stable value contract issuers have also decreased their stable value business or exited the market. At the same time, healthier market-to-book value ratios, more restrictive investment guidelines, as well as higher fees are attracting new potential issuers. We consider these developments indicative of the self-adjusting elements within a properly regulated industry. However, stable value wrap contract capacity could be jeopardized were stable value contracts to be considered swaps under the Dodd-Frank Act.

DCIJA’s Position: Stable Value Contracts Should Not Fall Within the Definition of “Swap”

Nothing in the legislative history of the Dodd-Frank Act suggests that Congress intended stable value contracts to be regulated as swaps. It is DCIJA’s belief that stable value contracts should not be treated as falling within the definition of swap due to the fact that: (i) stable value contracts have many characteristics that distinguish them from swaps, (ii) stable value contracts

⁹ Callan Associates.

do not subject America's financial system to the systemic risk that Congress sought to address in the Dodd-Frank Act, and (iii) additional regulation of stable value contracts is unnecessary and will not promote the objectives of the new regulatory framework for swaps.

Stable value contracts have many characteristics that distinguish them from swaps.

In the Product Definitions Proposing Release, the Commissions identify characteristics of insurance products that distinguish them from swaps. Stable value contracts also have many of these "non-swap" characteristics, as follows:

- Stable value contracts have an "insurable interest" in the wrapped assets. At every point in time during the term of a stable value contract, the stable value fund itself bears the risk of loss on those wrapped assets. This differs from swaps, which can be purchased by buyers who do not hold the reference assets and may have no direct "insurable interest" in the reference assets.
- By their terms, stable value contracts require the stable value fund to demonstrate an actual loss before payment by a stable value contract issuer is required. Also, a stable value contract issuer does not have a payment obligation under a stable value contract unless there is a qualifying participant-initiated withdrawal and the stable value fund's assets are not adequate to satisfy the withdrawal.
- Stable value contracts are individually negotiated contracts, and stable value contract issuers engage in a careful underwriting process that takes into account factors such as the stable value fund's cash flow history, the applicable investment guidelines, the investment options available in the plan, participant contribution rates and withdrawal experience, and the demography of the plan's participants. Unlike traditional swap contracts that are sufficiently uniform to be cleared, stable value contracts are tailored to the specific fund and plan, and are not readily adaptable to be cleared.
- Stable value contracts are never traded. In comparison with swaps, which may be novated, stable value contracts are not novated or assigned.
- Unlike the issuer of a traditional swap, which can be essentially unregulated, the issuer of the stable value investment is typically a highly regulated entity, i.e., an insurance company or bank that is subject to reserve requirements.
- Any difference between the market and book value of a stable value fund is not a realizable amount and, therefore unlike traditional swaps, stable value products are not available for use as a speculative investment.
- Stable value contracts are not leveraged—a significant source of the troubles experienced by traditional swaps in 2007 and 2008.
- Further, a stable value fund that enters into a stable value contract will not have any right to accelerate payment of principal upon a default or other credit event in connection with the wrapped assets.

Thus, the manner in which stable value products are negotiated and held widely distinguish them from the traditional “swap contracts” that were implicated in the financial crisis.

DCIA also recognizes that, because some stable value contract issuers are organized as insurance companies, such contracts could be excluded from the swap definition because they would meet the definition of "insurance" proposed by the Product Definitions Proposing Release. This would further support concluding that Congress did not intend to include stable value contracts within the regulatory framework for swaps. Importantly, stable value contracts should be excluded from the definition of swap without regard to whether the issuer is an insurance company or another financial institution. Regulations that would treat stable value contracts differently based on the type of issuer would ignore the fact that the stable value industry has historically relied on both banks and insurance companies to serve as contract issuers.

The statutory definition of a swap in the Dodd-Frank Act also includes exceptions in addition to the insurance product exception. For example, the definition excludes "any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities, including any interest therein or based on the value thereof, that is subject to-(I) the Securities Act of 1933 (15 U.S.C. 77a et seq.); and '(II) the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.)" We believe that this exclusion also supports excluding stable value contracts from the definition of swap. For stable value wrap contracts, the stable value contract issuer is obligated to pay to the stable value fund the excess, if any, of the book value of the stable value contract over the fair market value of the wrapped assets when necessary to fund participant-initiated benefit responsive withdrawals. That feature thus acts similar to a cash settled put option on a portfolio of fixed income securities. As a result, because stable value contracts are economically equivalent to put options which are statutorily excluded from the definition of swap, we believe stable value contracts should be excepted from the definition of a swap for this reason too.

Stable value contracts do not involve the type of systemic risk that Congress sought to address in the Dodd-Frank Act.

Importantly, the “benefit-responsive liquidity guarantee” provided by a typical stable value contract is deliberately designed to minimize the exposure of the plan participants investing in the stable value fund to the stable value contract issuer's credit and also mitigate the payment risk of the stable value contract issuer. As a result, market volatility within stable value funds during the financial crisis did not create systemic risks.

Specifically —

- As discussed above, stable value contracts are designed so that the issuer will have a payment obligation only when the market value of the wrapped assets is less than the stable value contract's book value and the wrapped assets are insufficient to satisfy participant-initiated benefit responsive withdrawals. The plan participants' exposure to a stable value contract issuer's credit is the excess, if any, of the stable value contract's book value over the market value of the wrapped assets.
- Stable value funds often purchase multiple stable value contracts from different issuers, thereby diversifying exposure of stable value contract issuers to only a portion of the stable

value fund's exposure while limiting plan participants' credit risk to any single issuer.

- The stable value fund manager cannot accelerate payment at book value from a stable value contract issuer in the event of market turmoil; the stable value contract issuer is only required to provide liquidity for payments required to meet participant-initiated benefit responsive withdrawals. Tax-qualified defined contribution plans limit participants' ability to receive their plan benefits (e.g., participants typically may not take withdrawals except in the event of retirement, termination from employment or in the case of a qualifying hardship or loan transaction) and withdrawals prior to age 59-1/2 may be taxed under section 72 of the Internal Revenue Code.
- The book value determined under a synthetic GIC contract reflects a principal amount of deposits plus interest credited under a formula provided in the contract. The crediting rate formula periodically resets the interest rate credited under the synthetic GIC in order to amortize investment gains and losses on the wrapped assets. This provides for a stable crediting rate and decreases the likelihood that the wrapped assets will be insufficient to satisfy participant-initiated benefit responsive withdrawals.
- Stable value contracts typically also include investment guidelines with stringent quality standards and restrictions to reduce volatility.

Additional regulation of stable value contracts will not promote the objectives of the new regulatory framework for swaps.

As the Commissions have noted, Congress enacted a new regulatory framework for swaps (among other reasons) to reduce risk, increase transparency, and promote market integrity within the financial system. As discussed, stable value contracts do not involve the type of systemic risk that Congress sought to address in the Dodd-Frank Act. Moreover, the very specific definition of stable value contract already provided under Section 719(d)(2) of the Dodd-Frank Act will limit stable value contracts solely to those issued in connection with tax-qualified defined contribution plans. Further, parties to stable value contracts are already subject to comprehensive regulatory oversight. Specifically, insurance company and bank issuers are regulated entities, and stable value funds are regulated by ERISA and, in the case of governmental plans, are generally subject to state and local laws that impose similar standards.

- ERISA imposes a stringent standard of care on plan fiduciaries, including stable value fund managers.
- ERISA-covered plans are required to disclose stable value fund assets as part of an annual report filed with the U.S. Department of Labor (DOL) on Form 5500. The financial statements that accompany these annual reports for large plans must be audited by a qualified independent public accountant who is responsible for (among other things) evaluating whether a stable value fund may continue to report participant balances at book value, such as based on SOP 94-4.
- The DOL recently adopted new regulations (to be implemented during 2012) designed to substantially increase the information participants in these plans will receive. Stable value funds will be subject to these new participant disclosure requirements.

- Insurance companies and bank issuers of stable value contracts are already subject to reserve and capital requirements under state and/or federal law. This structure has been historically effective in protecting the interests of investors in stable value contracts. Adding new or different capital and margin requirements would add cost and complexity to these products without adding any meaningful protections for investors. It may also reduce capacity for these contracts, particularly among bank issuers of these contracts.

Stable value contracts are already effectively regulated and adding an additional layer of regulation is not necessary, may not be helpful, may not improve contract issuer's risk profiles and may decrease wrap contract capacity.

Conclusion: Including Stable Value Contracts Within the Definition of Swap Could Result in Substantial Adverse Consequences to Retirement Plans and Participants of Retirement Plans

Stable value funds do not meet the definition of swap, nor should they be considered as such under the Dodd-Frank Act. DCIIA is concerned that unnecessary regulation of stable value contracts as swaps may limit the availability of stable value contract issuers and market capacity in a market that already is challenged by the demand for stable value contracts. Additional requirements, such as margin or minimum capital, will likely limit stable value contract issuer willingness to issue new stable value contracts, reduce stable value wrap contract capacity and increase fees. Stable value contracts, which are individually negotiated based on a detailed underwriting process, are not readily adaptable to the requirements of mandatory clearing. Indeed, stable value contracts by their nature cannot be traded because they may not be assigned or novated to a plan other than the plan for which they are specifically underwritten. Diminished wrap contract capacity and increased fees will necessarily reduce the traditionally favorable returns on stable value investments.

Stable value plays an important role in the retirement plans of millions of working Americans that should not be harmed by unnecessary regulation of stable value contracts. Accordingly, DCIIA urges the Commissions to recognize that stable value contracts are not swaps and do not require regulation as swaps.

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Who We Are

The Defined Contribution Institutional Investment Association (DCIIA) is a nonprofit association dedicated to enhancing the retirement security of American workers. DCIIA members include investment managers, consultants, record keepers, insurance companies, plan sponsors and others committed to improving retirement outcomes for American workers by advocating for better defined contribution plan design and institutional investment management approaches.

DCIIA's Core Beliefs

DCIIA members believe the current defined contribution retirement system, with the adoption of

institutional design approaches available today, can and will provide for the retirement security of working Americans. The important advances contained in the Pension Protection Act, particularly the safe harbor protections for plan automation features and appropriate default investment selection, provide plans with important guidance and fiduciary safe guards which can result in higher participation and savings rates, more appropriate investment allocations and improved long-term investment performance.

By incorporating techniques of professional pension management found in traditional defined benefit pension plans, defined contribution sponsors can improve retirement savings outcomes, affording their employees a better quality of life in retirement while managing their own fiduciary liabilities in plan governance. Some of the most prominent best practices include:

1. Open Architecture in Assembling Best-in-Class Plan Design

Open architecture provides plan sponsors and their consultants with the ability to select the best combination of partners to meet plan needs, including investment manager, record keeper, custodian, managed account, advice and other service providers.

2. Full Support for All Investment Vehicles and Product Solution Formats

The continued development of standard industry trading systems and information sharing protocols provides plan sponsors with a very wide range of DC-appropriate investment and pricing options which, depending on plan preferences, may be best delivered through mutual fund, insurance contract, collective trust or individual and institutional separate account formats.

3. Improved Default Programs as Most Effective Path to Realizing Successful Outcomes

Auto-enrollment and sufficient auto-escalation of contribution rates – coupled with a well-constructed qualified default investment and an effective employee communications and education program – can generate sufficient balances for workers to fund an adequate income replacement rate at retirement. Spending needs and longevity risk can be addressed by existing as well as new post-retirement investment and income management solutions being introduced to the market.

4. Full Lifetime Approach to Providing Retirement Income Adequacy

The likelihood of a successful retirement income outcome may be improved by careful attention during both the working (accumulation) and retirement (distribution) phases, and by including a combination of employer-sponsored and individual retirement accounts, to initially grow and ultimately preserve savings necessary to meet spending needs over an individual's total life expectancy.

5. Full Expense Transparency from All Service Providers

Plan participants benefit from plan sponsors providing fiduciary oversight of plan economics, and being knowledgeable about the breakdown of all plan costs and sources of revenue, including but not limited to investment management, record keeping and other administrative expenses.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Minsky". The signature is fluid and cursive, with a prominent initial "L" and a long, sweeping underline.

Lew Minsky

Executive Director, DCIIA