

MEMO# 2889

June 26, 1991

DOL SOLICITS COMMENTS REGARDING ANNUITY SELECTION

June 26, 1991 TO: PENSION COMMITTEE NO. 18-91 INVESTMENT ADVISERS COMMITTEE NO. 28-91 RE: DOL SOLICITS COMMENTS REGARDING ANNUITY SELECTION

The Department of Labor is soliciting public comments for consideration in deciding (1) whether to propose a regulation relating to the purchase of annuity contracts for plan participants and beneficiaries and (2) if so, whether and to what extent any such regulation should provide minimum standards for determining whether the plan is relieved of future liability with respect to the participant or beneficiary for whom the annuity is purchased. The attached notice of proposed rulemaking contains 34 questions regarding annuitization of participants under employee pension plans. These questions are divided into the following general areas: 1. The processes now being utilized by employers, consultants or others in selecting annuity providers; 2. The efficacy of state regulatory requirements and guaranty programs; 3. The reliability and usefulness of ratings by nationally recognized ratings services; 4. Other criteria concerning financial security such as objective measures which the Labor Department could impose; 5. Protections afforded by reinsurance and other risk and cost sharing arrangements in the insurance industry; and 6. The affect on plan sponsors, annuity providers, participants, other governmental agencies or others by the establishment of Department of Labor regulation in this area. Comments must be received by the Department by August 20, 1991. Therefore, please provide me with any comments you may have by August 1, 1991. We will keep you informed of developments. W. Richard Mason Assistant Counsel - Pension Attachment