



June 12, 2023

The Honorable Donald Norcross
United States House of Representatives
2427 Rayburn House Office Building
Washington, DC 20515

The Honorable Tim Walberg
United States House of Representatives
2266 Rayburn House Office Building
Washington, DC 20515

Dear Representatives Norcross and Walberg:

The Insured Retirement Institute (IRI)¹ writes to express our support for the *Lifetime Income for Employees Act (H.R.3942-118th Congress)*. The bill would allow retirement plan sponsors to use lifetime income solutions that have delayed liquidity features and can provide better returns as qualified default investment alternatives (QDIA) for a portion of contributions made by participants who have not made retirement plan investment selections.

QDIAs were created by the *Pension Protection Act of 2006*² and have proven to be an essential tool to enhance retirement security for many more of America's workers. They allow retirement savers to accumulate assets without needing to make underlying investment selections inside their workplace retirement savings plan. In 2016, the Department of Labor (DOL) issued an information letter clarifying that offering an investment with an annuity component in a QDIA is consistent with a plan sponsor's fiduciary duty.

However, the Department of Labor QDIA regulation has not been updated to reflect innovations in retirement security investment products and essentially mandates that any funds in a QDIA must be available for the participant to transfer or withdraw "not less frequently than once within any three-month period." Because of this provision, the regulation continues to inhibit the offering of guaranteed, protected lifetime income products, such as annuities, in a QDIA of a workplace retirement plan. The regulation also has created an environment where savers who utilize their plan's QDIA have to use a lower-yielding version of annuities rather than other annuities that otherwise would be available. As a result, the current regulation does not serve to help relieve the anxiety many workers continue to express about the possibility they will not have enough saved for retirement to sustain them throughout their retirement years.

The *Lifetime Income for Employees Act* would amend the current QDIA safe harbor regulations to allow a QDIA to include a limited investment in less liquid annuities that can therefore provide a higher return to investors. The bill stipulates that not more than 50 percent of investments can be allocated into a qualifying annuity component, ensuring the QDIA continues providing a retirement saver with diverse asset classes. The bill also requires that savers who defaulted into a QDIA with an annuity component are notified of their participation within 30 days of their initial investment. It also provides the option to reallocate their investment penalty-free within 180 days. Additionally, the bill would not cause plan sponsors to have a need to make any changes to their current QDIA but would have the option of adding less liquid, higher-returning annuities as default investment options.

A recent poll by Gallup³ found that Americans worry most about having enough savings for retirement. More than seven in 10 nonretired adults are at least moderately worried about funding their retirement, including 42 percent who say they are very worried. Additionally, IRI research⁴ shows that workers are highly interested in having protected lifetime income solutions, such as annuities, included in workplace-defined contribution plans. IRI's survey found that seven in 10 workers aged 40-45 say they are very or

¹ The Insured Retirement Institute (IRI) is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, and distributors such as broker-dealers, banks, and marketing organizations. IRI members account for 90 percent of annuity assets in the U.S., including the top ten distributors of annuities ranked by assets under management, and are represented by financial professionals serving millions of Americans. IRI champions retirement security for all through leadership in advocacy, awareness, research, and the advancement of digital solutions within a collaborative industry community. Learn more at www.irionline.org.

² *Pension Protection Act of 2006*, [Public Law 109-280](#), August 17, 2006.

³ "Americans' Outlook for Their Retirement Has Worsened," Gallup, May 2023.

⁴ "Retirement Readiness Among Older Workers 2021", IRI, March 2021.

somewhat likely to allocate a portion of their retirement plan into annuities. Eighty-seven percent also believe it is important that the income from their savings is protected for life.


A report from Allianz Life⁵ also highlighted the demand for protected income solutions in workplace retirement plans. Allianz's report found that 73 percent of employer-sponsored retirement plan participants would consider an option that offers protected income for life in their plan if it were available. Fifty-nine percent also said they would consider adding an annuity to their plan if one was available.

Allowing guaranteed, protected lifetime income solutions to be used as part of a retirement plan's QDIA will go a long way toward helping address the insecurity and anxiety workers and retirees across America are feeling today about their ability to accumulate sufficient savings. By allowing for the offering of higher-yielding lifetime income products with delayed liquidity features as part of the QDIA, in addition to existing annuities that are available as default investments currently, the *Lifetime Income for Employees Act* will help to address the anxiety further and reduce the risk of retirees not having enough income in retirement.

IRI has a long history of advocating for the enactment of bipartisan, common-sense legislative solutions to help American workers and retirees achieve a financially secure and dignified retirement. The solution provided by the *Lifetime Income for Employees Act* will significantly facilitate access to and the use of guaranteed, protected lifetime income products, thereby enhancing retirement savers' ability to produce sustainable income during retirement. For this reason, IRI expressed support for enacting the *Lifetime Income for Employees Act* in our [2023 Federal Retirement Security Blueprint](#).

IRI urges you, your colleagues on the House Committee on Education and the Workforce, and your colleagues in Congress to advance this vital legislation. We thank you for your leadership in pursuing this legislation and welcome the opportunity to work with you to advance the *Lifetime Income for Employees Act*. If you have any questions, please do not hesitate to contact me at (202) 469-3004 or prichman@irionline.org, or John Jennings, Director, Government and Political Affairs, at (202) 469-3017 or jjennings@irionline.org.

Sincerely,



Paul J. Richman
Chief Government and Political Affairs Officer
Insured Retirement Institute

⁵ "Allianz Life Announces Entry into Defined Contribution Market with Launch of Allianz Lifetime Income+Annuity," Allianz Life Insurance Company of America, July 2021.