

The COMMITTEE  
— of —  
ANNUITY  
INSURERS

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July 27, 2020

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Internal Revenue Service  
Attn: CC:PA:LPD:PR (REG-100320-20)  
1111 Constitution Avenue, NW  
Washington, DC 20224

Re: Comments on Proposed Regulations under Section 3405(a) (REG-100320-20)

To whom it may concern:

We are writing on behalf of the Committee of Annuity Insurers (the “Committee”) to comment on the Notice of Proposed Rulemaking (“NPRM”) that the Treasury Department and Internal Revenue Service published in the Federal Register on May 27, 2020, titled “Income Tax Withholding on Certain Periodic Retirement and Annuity Payments Under Section 3405(a).”

The Committee is a coalition of life insurance companies formed in 1981 to participate in the development of federal policy with respect to tax, securities, ERISA, and banking law issues affecting annuities. The Committee’s current 32 member companies represent over 80% of the annuity business in the United States. A list of the Committee’s member companies is attached.

The Committee has reviewed the comment letter that the American Council of Life Insurers (“ACLI”) is submitting on the NPRM and fully endorses and supports the recommendations in the ACLI’s letter. Specifically, for the reasons expressed in the ACLI’s comment letter, the Committee endorses and supports the ACLI’s recommendation to impose a flat percentage of 10% for default withholding on periodic payments under Code section 3405.

The Committee also endorses and supports the ACLI’s alternative recommendation in the event that the Treasury Department and IRS do not adopt the approach of applying a flat percentage of 10% as the default withholding rate. Specifically, the Committee supports the following recommendations that are similar to those made by the American Bankers Association in connection with Notice 2020-3, 2020-3 I.R.B. 330:

- (1) The effective date of any new default tax withholding rate should be a January 1st at least two full years after the end of the 2020 calendar year (or a January 1st at least two full years after the end of the calendar year for which Form W-4P is revised to mirror Form W-4, if later).

- (2) Any new default tax withholding rate on periodic pension and annuity payments should apply prospectively only.
- (3) A midyear effective date should be avoided for any new default tax withholding rate on periodic pension and annuity payments.
- (4) A midyear implementation deadline should be avoided for any revised version of Form W-4P that reflects changes made to Form W-4 in light of the Tax Cuts and Jobs Act, as described in section II of Notice 2020-3.

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We appreciate your consideration of our comments on the NPRM. If you have any questions or if we can be of any assistance, please contact either of the undersigned by phone at 202-347-2230 or by e-mail at the addresses indicated below.

Sincerely,



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Counsel to the Committee of Annuity Insurers

[www.annuity-insurers.org](http://www.annuity-insurers.org)

Attachment: List of member companies

The COMMITTEE  
of  
ANNUITY  
INSURERS

AIG Life & Retirement, Los Angeles, CA  
Allianz Life Insurance Company, Minneapolis, MN  
Allstate Financial, Northbrook, IL  
Ameriprise Financial, Minneapolis, MN  
Athene USA, Des Moines, IA  
Brighthouse Financial, Inc., Charlotte, NC  
Equitable, New York, NY  
Fidelity Investments Life Insurance Company, Boston, MA  
Genworth Financial, Richmond, VA  
Global Atlantic Financial Group, Southborough, MA  
Great American Life Insurance Co., Cincinnati, OH  
Guardian Insurance & Annuity Co., Inc., New York, NY  
Jackson National Life Insurance Company, Lansing, MI  
John Hancock Life Insurance Company, Boston, MA  
Lincoln Financial Group, Fort Wayne, IN  
Massachusetts Mutual Life Insurance Company, Springfield, MA  
Metropolitan Life Insurance Company, New York, NY  
National Life Group®, Montpelier, VT  
Nationwide Life Insurance Companies, Columbus, OH  
New York Life Insurance Company, New York, NY  
Northwestern Mutual Life Insurance Company, Milwaukee, WI  
Ohio National Financial Services, Cincinnati, OH  
Pacific Life Insurance Company, Newport Beach, CA  
Protective Life Insurance Company, Birmingham, AL  
Prudential Insurance Company of America, Newark, NJ  
Sammons Financial Group, Chicago, IL  
Security Benefit Life Insurance Company, Topeka, KS  
Symetra Financial, Bellevue, WA  
Talcott Resolution, Windsor, CT  
TIAA, New York, NY  
The Transamerica companies, Cedar Rapids, IA  
USAA Life Insurance Company, San Antonio, TX

The Committee of Annuity Insurers was formed in 1981 to participate in the development of federal policies with respect to annuities. The member companies of the Committee represent more than 80% of the annuity business in the United States.