The COMMITTEE of ANNUITY INSURERS

1455 Pennsylvania Avenue NW, Suite 1200, Washington, DC 20004
(202) 347-2230 | www.annuity-insurers.org

March 27, 2020

VIA ELECTRONIC MAIL

Carol Weiser
Benefits Tax Counsel
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: Proposed RMD Regulations Updating Life Expectancy and Distribution Period Tables

Dear Ms. Weiser:

We are writing on behalf of the Committee of Annuity Insurers (the "Committee")[1] regarding the pending notice of proposed rulemaking ("NPRM") that would update the life expectancy tables under the section 401(a)(9) regulations (the "RMD mortality tables).[2] The Committee continues to support the changes to the proposed regulations that we discussed in our testimony at the January 23rd hearing and in our January 7th comment letter, a copy of which is attached. The purpose of this letter is to respond to certain points that the government panelists made during the hearing and to reiterate our request that the effective date of final regulations be delayed until 2022.

1. Basing the Update on the 2012 IAR Table

We continue to believe that the RMD mortality tables should be based on the 2012 Individual Annuity Reserving Table and its corresponding mortality improvement projection factors through the date of the update (the "2012 IAR Table").[3] This would result in longer life expectancies than the table used to generate the update reflected in the NPRM, and thus would better fulfill the President's goals in directing the Treasury Department to make the update.

In that regard, two of the President's stated goals in issuing the Executive Order that led to the NPRM are to allow plan participants and IRA owners to "keep more money in 401(k)s and Individual Retirement Accounts for longer" and to "spread retirement savings over a longer

[1] The Committee is a coalition of life insurance companies formed in 1981 to participate in the development of federal policy with respect to annuities. The Committee's 32 member companies represent more than 80% of the annuity business in the United States and are among the largest issuers of annuity contracts in connection with employer-sponsored retirement plans and IRAs. A list of the member companies is attached.

[2] Unless otherwise indicated, "section" means a section of the Internal Revenue Code of 1986, as amended.

[3] *See* https://www.soa.org/resources/experience-studies/2011/2012-ind-annuity-reserving-rpt/.

period of time."[4] Contrary to these goals, the proposed update reflects life expectancies that actually *decrease or remain unchanged* for individuals at ages 92 through 103. Individuals in this age range would be required to take *larger* RMDs and liquidate their retirement savings *faster* than under current law. This would frustrate the President's goals rather than achieving them. Basing the update on the 2012 IAR Table would eliminate this problem and generally result in longer life expectancy assumptions for RMD purposes than the proposed rule, thus better fulfilling the President's directive.

When we made this point during our oral testimony, one of the government panelists suggested that the statutory rule in section 401(a)(9) prohibits the Treasury Department and the Service from using a reserving table, like the 2012 IAR Table, to determine life expectancies for RMD purposes. We respectfully disagree. The statute does not mandate the use of a particular table or otherwise dictate how life expectancies should be determined. It merely refers to life or life expectancy. How life expectancy is determined is a matter of discretion for the Treasury Department and the Service.

In that regard, the 2012 IAR Table is generally used by the life insurance industry for reserving purposes. Given this primary purpose, the table reflects a degree of conservatism when predicting life expectancies, compared to other Society of Actuaries tables. This does not mean that the table overstates life expectancies, nor would the use of the table result in any type of regulatory or tax arbitrage. It is a real, valid, and widely-used table for determining life expectancies that is based on sound actuarial principles. The fact that it reflects longer life expectancies than other tables makes it *more appropriate*, not less appropriate, to use for RMD purposes, especially in light of the Executive Order and the President's goals of allowing retirees to "keep more money in 401(k)s and Individual Retirement Accounts for longer" and to "spread retirement savings over a longer period of time." We urge you to take the President's goals into account and base the update on the 2012 IAR Table.

These goals have taken on a greater importance in light of the coronavirus pandemic. As a result of the dramatic downturn in the markets, retirees have suffered significant losses of their retirement savings, and they will not be able to recover those losses any time soon in the current environment of persistently low interest rates. Retirees need additional tools to be able to make their retirement savings last. Allowing retirees to compute RMDs based on the life expectancies reflected in the 2012 IAR table would help accomplish that goal.

2. Addressing the MITT

Our oral testimony and written comments also urged the Treasury Department and Service to modify the "minimum income threshold test" or "MITT" that applies to commercial annuities under the RMD regulations.[5] Specifically, we asked that final regulations (1) permit the use of the updated Uniform Lifetime Table when applying the MITT to single life and joint life annuities, and (2) apply the same 5% cap on annual payment increases under commercial

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[4] Fact Sheets: President Donald J. Trump is Strengthening Retirement Security for American Workers (Aug. 31, 2018) ("Fact Sheet") (available at https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-strengthening-retirement-security-american-workers/). The NPRM was issued in response to Executive Order 13847, *Strengthening Retirement Security in America*, 83 Fed. Reg. 45,321 (Sept. 6, 2018) (the "Executive Order").

[5] *See* Treas. Reg. section 1.401(a)(9)-6, Q&A-14(a) and (c).

annuities that applies to defined benefit plans. During the hearing, one of the government panelists suggested that such changes are beyond the NPRM's scope. We respectfully disagree.

President Trump issued the Executive Order in part because "nearly half of all Americans are concerned they will not have enough money to live on during retirement."[6] The Executive Order's statement of policy also expressly identifies "[o]utdated distribution mandates" as a problem to be addressed.[7] In that regard, life annuities are perhaps the best way to ensure that individuals do not outlive their retirement savings, and the MITT is an outdated distribution mandate that prevents their use. This is a problem that fits squarely within the concerns and goals of the Executive Order. Moreover, our proposed fix is to allow the use of a particular life expectancy table in applying the MITT. This brings our solution further within the Executive Order's scope, which mandated a review of the very life expectancy tables in question. In short, addressing the MITT problem in this regulation project would facilitate greater use of life annuities. This would help to address the concerns that led to the President issuing the Executive Order in the first place, concerns that have only increased since that time.

3. Delaying the Effective Date until 2022

The NPRM provides that the updated RMD mortality tables generally apply for distribution calendar years beginning on or after January 1, 2021. The SECURE Act made significant changes to many rules that apply to IRAs and qualified plans, including the RMD rules.[8] Most of those changes became effective only 12 days after enactment, on January 1, 2020. IRA issuers have been devoting considerable time, effort, and resources to implement the new law as soon as possible, and those efforts will continue for a significant time. This substantially diminishes resources that will be needed to implement the final mortality table regulations. Resources have been further diminished by the recent and ongoing COVID-19 pandemic. In these circumstances, the Committee continues to believe that the effective date of the final regulations should be delayed until distribution calendar years beginning after December 31, 2021.

* * * * *

We appreciate the opportunity to provide this input on behalf of the Committee of Annuity Insurers. If you have any questions, please do not hesitate to contact the Committee's counsel, Mark Griffin (megriffin@davis-harman.com) or Bryan Keene (bwkeene@davis-harman.com). Both can be reached at 202-347-2230.

Sincerely,

Mark E. Griffin

Bryan W. Keene

Attachments

[6] Fact Sheet, *supra* note 4.

[7] 83 Fed. Reg. at 45,321.

[8] The SECURE Act is Division O of the Further Consolidated Appropriations Act, 2020, P.L. 116-94.

cc: Harlan Weller
Victoria A. Judson

THE Committee OF Annuity Insurers
www.annuity-insurers.org

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
AXA Equitable Life Insurance Company, New York, NY
Brighthouse Financial, Inc., Charlotte, NC
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Global Atlantic Financial Group, Southborough, MA
Great American Life Insurance Co., Cincinnati, OH
Guardian Insurance & Annuity Co., Inc., New York, NY
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Massachusetts Mutual Life Insurance Company, Springfield, MA
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Pacific Life Insurance Company, Newport Beach, CA
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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.

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January 7, 2020

FILED ELECTRONICALLY

Internal Revenue Service
CC:PA:LPD:PR (REG-132210-18)
1111 Constitution Avenue NW
Washington, DC 20224

Re: Committee of Annuity Insurers Comments on Proposed RMD Regulations Updating Life Expectancy and Distribution Period Tables

Dear Sir or Madam:

We are writing on behalf of the Committee of Annuity Insurers (the "Committee") to comment on the notice of proposed rulemaking ("NPRM") that would update the life expectancy and distribution period tables ("RMD mortality tables") used to calculate required minimum distributions ("RMDs") under section 401(a)(9) for distribution calendar years beginning on or after January 1, 2021.[1] The Committee welcomes this opportunity to comment and commends the Department of the Treasury and the Internal Revenue Service (the "Service") for publishing the NPRM.

The Committee is a coalition of life insurance companies formed in 1981 to participate in the development of federal policy with respect to annuities. The Committee's 31 member companies represent more than 80% of the annuity business in the United States and are among the largest issuers of annuity contracts in connection with employer-sponsored retirement plans and IRAs. A list of the Committee's member companies is attached.

The Committee welcomes and supports the update to the RMD mortality tables, which will benefit potentially millions of plan participants, IRA owners, and their beneficiaries, as well as a large number of providers. The NPRM was issued in response to President Trump's Executive Order 13847, *Strengthening Retirement Security in America* (the "Executive Order").[2] The Executive Order directed the Treasury Department to examine the RMD mortality tables and determine whether they should be updated to reflect current mortality data and whether such

[1] Unless otherwise indicated, each reference herein to a "section" means a section of the Internal Revenue Code of 1986, as amended (the "Code").

[2] 83 Fed. Reg. 45,321 (Sept. 6, 2018).

updates should be made annually or on another periodic basis.[3] The Executive Order's statement of policy also expressly identifies "[o]utdated distribution mandates" as a problem to be addressed.[4] The Committee believes that final regulations should reflect the following in order to best serve the goals of the Executive Order:

(1) Base the updated RMD mortality tables on a table published by the Society of Actuaries ("SOA") that reflects longer life expectancies than those on which the tables in the NPRM are based,

(2) Permit the updated Uniform Lifetime Table ("ULT") to be used in applying the rules in the regulations governing "increasing" annuity payments, subject to a fixed percentage cap on the amount of any scheduled payment increases, and

(3) Provide that the RMD mortality tables will be updated every 10 years, but not more frequently.

In addition, in light of the need to implement changes to the RMD rules made by certain provisions of the recently enacted Setting Every Community Up for Retirement Enhancement Act of 2019 ("SECURE Act") that became effective on January 1, 2020, the Committee respectfully requests that the effective date of the updated RMD mortality tables be delayed until distribution calendar years beginning after December 31, 2021.

These comments are discussed in more detail below. We also request to testify on these comments at the public hearing that is scheduled for January 23, 2020. Attached is an outline of the topics we plan to discuss at the hearing, which also specifies the time we plan to devote to each topic. We expect that Mark Griffin, a partner at Davis & Harman LLP, which is counsel to the Committee, will provide the Committee's oral testimony at the hearing.

1. The Committee supports the update to the RMD mortality tables but recommends basing the update on a different table

The President's Executive Order suggests there is a need to update the RMD mortality tables in order to help retirees retain more of their savings for longer if needed. The fact sheet accompanying the Executive Order also suggests that updating the RMD mortality tables is needed because "nearly half of all Americans are concerned they will not have enough money to live on during retirement."[5]

The NPRM states the Treasury Department and the Service have determined that the current tables should be updated to reflect current life expectancies. The NPRM explains that the proposed updated RMD mortality tables were derived from the experience tables used to develop

[3] 84 Fed. Reg. 60814 (Nov. 8, 2019).

[4] 83 Fed. Reg. at 45,321.

[5] Fact Sheets: President Donald J. Trump is Strengthening Retirement Security for American Workers (Aug. 31, 2018) (available at https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-strengthening-retirement-security-american-workers/).

the 2012 Individual Annuity Mortality tables and mortality improvements projected through 2021. The Committee agrees with the Department of the Treasury and the Service that the RMD mortality tables need to be updated. However, the Committee believes that the needs identified by the President in the Executive Order can be better addressed if the updated RMD mortality tables are based instead on the 2012 Individual Annuity Reserving Table and its corresponding mortality improvement projection factors through the date of the update (the "2012 IAR Table").[6]

The 2012 IAR Table, which is published by the SOA, is currently the prescribed table for standard nonforfeiture and statutory reserve purposes under state law for individual annuities. The table is one of three annuity mortality tables published by the SOA and, because it is used principally in determining required reserves for life insurance companies, it reflects the longest life expectancies of the three SOA tables. Thus, basing the updated RMD mortality tables in the final regulations on the 2012 IAR Table would better allow plan participants and IRA owners to "keep more money in 401(k)s and Individual Retirement Accounts for longer" and to "spread retirement savings over a longer period of time," which are two of the President's stated goals in issuing the Executive Order.[7] In addition, we are not aware of any legal prohibition on basing the update on the 2012 IAR Table; rather, this is a matter of discretion for the Treasury Department and the Service, and exercising that discretion to choose the 2012 IAR Table would better satisfy the President's goals in the Executive Order.

2. Final regulations should permit the updated ULT to be used in applying the "MITT" for annuities, subject to a 5% cap on scheduled benefit increases

The Committee also believes that the final regulations should allow the ULT (as updated) to be used when applying the current regulatory rules governing "increasing" annuity payments. In that regard, the RMD regulations require commercial annuities to pass a minimum income threshold test ("MITT") if they provide certain types of payments – or the possibility of payments – that the regulations characterize as "increasing."[8] The MITT is imposed on commercial annuities in lieu of other constraints that apply to defined benefit plans, such as a 5% cap on annual benefit increases.[9]

In particular, the MITT requires that the total future expected payments must exceed the total value being annuitized.[10] For these purposes, the total future expected payments are calculated based in part on the Single Life Table ("SLT") in the case of a single life annuity or the Joint and Last Survivor Table ("JLT") in the case of a joint and survivor annuity, without regard to any increases in annuity payments after the first payment and taking into account any period certain.[11] The preamble to the 2004 final RMD regulations explains that the MITT is

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[6] Https://www.soa.org/resources/experience-studies/2011/2012-ind-annuity-reserving-rpt/.

[7] *Supra* note 5.

[8] *See* Treas. Reg. section 1.401(a)(9)-6, Q&A-14(a) and (c).

[9] *See* Treas. Reg. section 1.401(a)(9)-6, Q&A-14(d).

[10] Treas. Reg. section 1.401(a)(9)-6, Q&A-14(c), (e)(1), and (e)(3).

[11] Treas. Reg. section 1.401(a)(9)-6, Q&A-14(e)(3).

designed to ensure "that annuity payments start at a high enough amount to prevent inappropriate deferral."[12]

In operation, however, traditional and common forms of life annuities fail the MITT in irrational circumstances that do not advance the intended policy goal, making these annuities unavailable to retirees seeking to achieve retirement security through lifetime income. The types of life annuities affected include those that:

(1) provide a lump sum payment of a cash refund on the annuitant's death, and thus accelerate the time at which the decedent's interest will be distributed,

(2) provide the option to partially or fully commute annuity payments, and thereby accelerate the time at which a participant's interest otherwise would be distributed,

(3) provide for annuity payments that increase annually by a modest constant percentage (*e.g.*, up to 5%),[13] and

(4) provide for annuity payments that may increase due to dividends under participating annuities.

The problems for life annuities under the MITT have been exacerbated by mortality improvements since the regulations were promulgated, combined with a prolonged period of historically low interest rates. These events have had the effect of reducing the initial annuity payment that can be provided under a commercial annuity with any given premium. This reduction makes it more difficult to pass the MITT for common forms of life annuities, due to the assumptions that the MITT requires when applying the test – namely, that the initial payment is assumed to continue for the entire payment duration and that the assumed payment duration for any life-contingent payout must be based on the SLT or JLT in the regulations. These problems with the MITT have persisted for over a decade. The MITT is a shining example of an "[o]utdated distribution mandate" that can leave retirees with insufficient savings because it often blocks the purchase of common forms of life annuities.

Although updating the RMD mortality tables would help reduce the incidence and degree of the problems with the MITT, it would not eliminate them. Likewise, future increases in interest rates could alleviate, but would not eliminate, some of the MITT problems. In contrast, the problems for life annuities under the MITT could be eliminated by modifying the test to:

(1) permit the use of the ULT when applying the MITT to single life and joint life annuities, instead of requiring the use of the SLT and JLT, respectively, and

[12] 69 Fed. Reg. 33,291 (June 15, 2004).

[13] The need for this type of provision is recognized in the RMD regulations for defined benefit plans, which allow such increases for those plans. *See* Treas. Reg. section 1.401(a)(9)-6, Q&A-14(d)(1).

(2) apply the same 5% cap on annual payment increases under commercial annuities that applies to defined benefit plans.

These modifications would eliminate the real and significant barrier to life annuities presented by the MITT while continuing to impose appropriate limits on back-loaded payouts, which is the purpose of the MITT. This, in turn, would help the Treasury Department satisfy a goal of the Executive Order – to address Americans' concerns over not having enough money to live on throughout retirement and to do so consistently with current statutory requirements.[14] In addition, allowing the ULT to be used in the MITT would eliminate a bias in the RMD regulations that inappropriately favors non-annuitized accounts over life annuities by permitting the use of the ULT for such accounts even if the participant has not named a beneficiary.[15]

If these modifications are not made in the final regulations, it will remain critical for the Treasury Department to take additional steps, such as exempting the four types of annuities identified above from the test, to address the barriers to annuitization caused by the MITT.

3. The RMD mortality tables should be updated every 10 years

The President's Executive Order suggests there is a need to update the RMD mortality tables periodically in order to help retirees retain their savings for longer if needed. The NPRM states that the "purpose of any such updates would be to increase the effectiveness of tax-favored retirement programs by allowing retirees to retain sufficient retirement savings in these programs for their later years."[16] The NPRM requests comments on how often the RMD mortality tables should be updated and on the administrative burden involved in implementing any updated tables.[17]

The Committee agrees that it is important to periodically update the RMD mortality tables. Providing updated tables will re-enforce the stated purposes of the President's Executive Order and promote the effectiveness of qualified retirement plans and IRAs. In determining the frequency with which the RMD mortality tables should be updated, the Treasury Department and the Service should attempt to strike a balance between furthering these stated purposes and avoiding the imposition of undue administrative burden on those responsible for implementing and administering the updated tables.

In this regard, it is important to consider the impact that the RMD mortality tables have on other rules affecting qualified retirement plans and IRAs. For instance, employer-sponsored plans must administer the RMD rules properly or risk disqualification. In addition, the RMD

[14] *See supra* note 5 and accompanying text. *See also* section 1 of the Executive Order, which notes that "[o]utdated distribution mandates may also reduce plan effectiveness by forcing retirees to make excessively large withdrawals from their accounts – potentially leaving them with insufficient savings in their later years." 83 Fed. Reg. at 45,321. We also note that the statutory rules do not impose any specific limits on increasing annuity payments or otherwise address that issue at all.

[15] Treas. Reg. section 1.401(a)(9)-5, Q&A-4.

[16] 84 Fed. Reg. at 60812.

[17] *Id.* at 60818.

mortality tables are used in applying the three methods in Rev. Rul. 2002-62[18] for determining whether distributions are "substantially equal periodic payments" for purposes of section 72(t)(2)(A)(iv).[19] As discussed above, the RMD mortality tables also affect the application of the MITT. In addition, the tables are used in determining whether a distribution is an RMD and therefore ineligible to be rolled over from certain qualified retirement plans.[20] Also, for a calendar year with respect to which an RMD is required from an IRA, IRA issuers, custodians, and trustees must provide the owner with a statement of the amount of the RMD, or an offer to calculate such amount, by January 31 of that calendar year.[21]

Each time the RMD mortality tables are updated, plan administrators and IRA trustees, custodians, and issuers will need to take the updated tables into account for purposes of administering the applicable rules that are impacted by the tables. Updating these rules is complicated by the specific application date and any transition rules that apply with respect to a new set of tables. Implementing new tables requires that these parties dedicate a significant amount of time, resources, and expense to updating their systems, practices, and procedures for administering the applicable rules affected by the tables. Clarification of the frequency with which the tables will be updated would provide valuable information to plan administrators and IRA trustees, custodians, and issuers that would allow them to reasonably anticipate and plan for the time, resources, and expenses necessary to implement new tables.

With the goal in mind of striking a balance between the need to provide RMD mortality tables that reflect current life expectancies and the desire to minimize the administrative burden of implementing new RMD mortality tables, the Committee respectfully requests that final regulations provide that the RMD mortality tables will be updated through guidance published at regular specified intervals. In this regard, the Committee feels that it would be sufficient if the RMD mortality tables are updated every 10 years. The Committee does not believe it is necessary for such tables to be updated more frequently. The Committee also requests final regulations provide an approach for applying reasonable mortality improvements that plan administrators and IRA trustees, custodians, and issuers will be permitted to use in the event that RMD mortality tables are not updated within a period specified in final regulations.

4. The updated RMD mortality tables should not apply for distribution calendar years beginning prior to January 1, 2022

The NPRM provides that the updated RMD mortality tables apply for distribution calendar years beginning on or after January 1, 2021, subject to certain special rules. As indicated above, the SECURE Act, which President Trump signed into law on December 20, 2019, as part of a larger legislative package,[22] includes significant changes to the RMD rules.

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[18] 2002–2 C.B. 710.

[19] 84 Fed. Reg. at 60815.

[20] Sections 401(a)(31), 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(E), and 457(d)(1).

[21] Treas. Reg. section 1.408-8, Q&A-10; Notice 2002-27, 2001 C.B. 814, clarified by Notice 2003-3, 2003-1 C.B. 258; 2019 Instructions to Forms 1099-R and 5498, page 19.

[22] The SECURE Act is Division O of the Further Consolidated Appropriations Act, 2020, P.L. 116-94.

These changes include a delay of the required beginning date under section 401(a)(9)(C) and complex changes to the after-death distribution requirements in section 401(a)(9)(B). These provisions of the SECURE Act became effective on January 1, 2020, *i.e.*, only 12 days after enactment. This is an extremely short timeframe in which to make changes to administrative systems, reporting practices, policy forms, disclosure documents, claims procedures, customer call center scripts, etc., that will be necessary to ensure compliance with the new law. In light of the time, effort, and resources necessary to implement the new law as soon as possible, the Committee respectfully requests that the effective date of the updated RMD mortality tables be delayed until distribution calendar years beginning after December 31, 2021.

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In closing, we would like to commend the Treasury Department and the Service for publishing the proposed regulations. While our comments suggest ways that we believe final regulations can better serve the stated goals of the President's Executive Order, the Committee supports the implementation of updated RMD mortality tables, and we think that final regulations should be issued as soon as possible. Should any questions arise with respect to our comments, please do not hesitate to contact the Committee's counsel, Mark Griffin (megriffin@davis-harman.com) or Bryan Keene (bwkeene@davis-harman.com). Both can be reached at 202-347-2230 as well.

Sincerely,

Mark E. Griffin

Bryan W. Keene

Attachments

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
AXA Equitable Life Insurance Company, New York, NY
Brighthouse Financial, Inc., Charlotte, NC
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
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.

DAVIS & HARMAN LLP

Committee of Annuity Insurers

Outline of Testimony
Public Hearing on Proposed RMD Regulations
Updating Life Expectancy and Distribution Period Tables
January 23, 2020

I. The Committee supports the update to the RMD mortality tables but recommends basing the update on a different table *(5 minutes)*

   A. President Trump's Executive Order 13847, *Strengthening Retirement Security in America*

   B. Basing the updated RMD mortality tables on the 2012 Individual Annuity Reserving Table developed by the Society of Actuaries and its corresponding mortality improvement projection factors (the "2012 IAR Table") would best implement the policy goals of the Executive Order

II. Final regulations should permit the updated ULT to be used in applying the "MITT" for annuities, subject to a 5% cap on scheduled benefit increases *(5 minutes)*

   A. The minimum income threshold test ("MITT") and its adverse consequences on the use of life annuities

   B. The MITT is based on outdated assumptions and often blocks the purchase of common forms of life annuities that do not raise concerns at which the MITT is aimed

   C. The problems created by the MITT can be eliminated by modifying the test to (1) permit the use of the uniform lifetime table in the RMD regulations when applying the MITT, and (2) apply the same 5% cap on annual payment increases under commercial annuities that applies to defined benefit plans.

III. The RMD mortality tables should be updated every 10 years *(1 minute)*

IV. The updated RMD mortality tables should not apply for distribution calendar years beginning prior to January 1, 2022 *(1 minute)*

V. Conclusion *(1 minute)*