

Maximizing Efficiency



Efficiency

- Lower plan costs
 - Encourage economies of scale
 - Establish regional or national plans that any employer can join
 - Standardize fees
 - Ensure fees are fully transparent



Efficiency

- Broaden participation
 - Provide employees with access to payroll deduction plan
 - Reduce or eliminate age and service requirements
- Minimize leakage
 - Provide incentives for lifetime retirement income
 - Encourage reporting as lifetime income



Efficiency

- Pool risk
 - Encourage multiple distribution methods, by for example:
 - Offering managed account with longevity annuity
 - Including immediate annuities
 - Fixed or variable income
 - Allow partial annuitization
 - Limit guarantees to what is needed



Efficiency

- Narrow variability
 - Reduce risk as retirement approaches
 - Dedicate portion of accumulation to retirement income
 - Stress reliability and consistency of income



Efficiency Summary

- Allows smaller plans to group together, with standard and transparent fees to lower plan costs
- Provides consistent opportunities to accumulate assets during working lifetime to enhance participation and coverage
- Minimizes leakage for non-retirement benefits during accumulation and payout phases
- Encourages pooling and effective risk sharing so funds can provide lifetime income
- Incentivizes narrowing the variability of benefits by fostering risk hedging and allowing for pricing benefits and guarantees

