



News Release

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THE SPARK INSTITUTE RELEASES FINAL DATA STANDARDS FOR LIFETIME INCOME SOLUTIONS IN RETIREMENT PLANS

SIMSBURY, CT, Sept. 30 -- The SPARK Institute today released final information sharing standards and data records for lifetime income solutions that are used in retirement plans, said Larry Goldbrum, General Counsel. “These standards will make it easier and more cost effective for record keepers and insurance carriers to make retirement income solutions available to plan participants,” he said. The Institute had released a draft version for public comment in July.

“The standards will allow customer-facing record keepers to offer one or more products from unaffiliated insurance carriers; will facilitate portability of products when a plan sponsor changes plan record keepers (record keeper portability); and will support portability of guaranteed income when a participant has a distributable event in the form of a rollover to a Rollover IRA or as a qualified plan-distributed annuity (participant portability),” Goldbrum said. He noted that the enhanced portability that will result from broad use of the standards could have positive implications as the Department of Labor considers how to relax the annuity provider selection safe harbor under ERISA.

The information sharing standards document, “Data Layouts for Retirement Income Solutions (Version 1.0),” is posted on The SPARK Institute website at <http://www.sparkinstitute.org/comments-and-materials.php>. Goldbrum said The SPARK Institute will also maintain a Q&A section on its website to address technical questions that may arise as the standards are adopted. “In addition, to further familiarize providers with the standards and discuss their use, we have scheduled a special session at the upcoming SPARK Forum conference, November 7 -9,” said Goldbrum. Details about the conference are available at <http://www.sparkusa.org/spark-forum>.

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“With fewer companies providing pensions, more and more participants are looking for a lifetime income product within their DC plan,” said Charlie Nelson, president of Great-West Retirement Services®. “Thanks to The SPARK Institute’s portability standards, these products won’t be affected if a plan sponsor opts to change retirement plan providers. Consequently, the benefits that participants establish with their lifetime income products – for example, the lifetime income guarantee and benefit base – will continue business-as-usual.”

The standards accommodate such in-plan options as fixed deferred annuities, guaranteed minimum withdrawal benefits (GMWB) and guaranteed minimum income benefits (GMIB) solutions under several different service models followed by insurance carriers, including a record keeper traded model, provider traded model and guarantee administrator model. “They were designed to be flexible and accommodate as many products and services as reasonably possible, but still maintain a reasonable degree of certainty so there are reliable common standards among users,” Goldbrum said.

Jamie Kalamarides, senior vice president of Retirement Strategies & Solutions for Prudential Retirement, noted that “the presence of consistent data-sharing standards will propel the growth of guaranteed income options. Importantly, the standards are broad enough to encompass a wide variety of business models, preserving the innovation that is driving this emerging market forward.”

"The creation of data standards is the result of a strong collaborative effort by the retirement plan industry to make lifetime income solutions more widely available to consumers who are saving for retirement through their employers' 401(k) plans," said Kelly Hewes, director of product management for The Hartford’s Retirement Plans Group and a member of the SPARK Institute working group that developed the standards. "The data standards will help make lifetime income solutions more portable as well as more acceptable by the wider market."

The SPARK Institute represents the interests of a broad based cross section of retirement plan service providers and investment managers, including banks, mutual fund companies, insurance companies, third party administrators and benefits consultants. Through the combined expertise of its member companies, the Institute provides research, education, testimony and comments on pending legislative and regulatory issues to members of Congress and relevant government agency officials. Collectively, its members serve over 62 million participants in 401(k) and other defined contribution plans.

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