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VIA ELECTRONIC DELIVERY

June 21, 2011

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549-1090

RE: Comment Request on Existing Private and Public Efforts to Educate Investors
Release No. 34-64306; File No. 4–626.

Dear Ms. Murphy:

The Insured Retirement Institute (IRI) appreciates the opportunity to respond to the Securities and Exchange Commission's request to provide comments on the effectiveness of existing private and public efforts to educate investors in connection with the Commission's study regarding financial literacy among investors.

The Insured Retirement Institute has been called the "primary trade association for annuities" by *U.S. News and World Report* and is the only association that represents the entire supply chain of insured retirement strategies. Our members are the major insurers, asset managers, broker dealers and financial advisors. IRI is a not-for-profit organization that brings together the interests of the industry, financial advisors and consumers under one umbrella. Our official mission is to: encourage industry adherence to highest ethical principles; promote better understanding of the insured retirement value proposition; develop and promote best practice standards to improve value delivery; and to advocate before public policy makers on critical issues affecting insured retirement strategies. We currently have over 500 member companies which include more than 70,000 financial advisors and 10,000 home office financial professionals.

We would like to limit our comments to section 6 which asks as follows:

6) What types of investor behaviors or other topics do you think investor education programs should focus on? Why?

Four key potential education areas identified by our member firms are life expectancy, realities of retirement finances, product understanding, and the impact of emotion on financial decisions.

I. Life Expectancy

A widespread issue seen by our members amongst both financial advisors and their clients is an incomplete understanding of life expectancy, particularly the joint-life expectancy of a married couple. Far too often the longevity risk is underestimated. Therefore, client education about life expectancy would allow investors to make better decisions about their retirement planning.

Central to this education is the balance between guaranteed lifetime income, growth, and principal protection. Research conducted by the Insured Retirement Institute (IRI) demonstrates that 18% of Baby Boomers consider guaranteed monthly income the most important trait of a retirement investment, the most common criterion noted. Rate of return and principal protection were each identified as the key trait by 17% and 15% of Boomers, respectively. Yet, less than one-third of Boomers have invested in products that offer two of these top three criteria.

Additionally, research from Cerulli Associates on high net worth (HNW) investors underscores the importance of maintaining their lifestyle into their retirement years, cited by one-third of HNW households.

II. Retirement Realities

Many investors are unaware of the realities facing them in retirement, whether they believe so or not. According to IRI, more than one-third of pre-retirees do not know the age at which they plan to retire; of these, 30% cited concern about having sufficient assets as a top issue.

There is also an overwhelming reliance on Social Security as a form of retirement income. While two-thirds (61%) of Boomers indentified a specific age at which they plan to stop work completely, nearly a quarter of them chose an age that is prior to their eligibility for full Social Security benefits. More troublesome is that one-half of single Boomers expect Social Security to comprise a major portion of their income during retirement, compared to 37% of married Boomers, a disconcerting finding as Boomers who have never married do not have the added security of survivorship benefits. Those who had been married (and are presently divorced or widowed) also need additional counseling on the contingencies that underlie Social Security.

IRI also noted that just 25% of Boomers expect personal investments to comprise a major portion of their income during retirement, a figure that is consistent among Boomers of all ages regardless of their expectations of Social Security and/or defined benefit pension plans.

III. Product Understanding

There are a number of financial products, including annuities, which may be used to provide for one's retirement years. A successful retirement portfolio will include a variety of products, individualized to the investor's risk-reward profile and other factors, such as desire to leave an inheritance. The first step in learning how products work, and how they work together, is to understand the transition from working, saving, and investing—commonly referred to as accumulation—to retirement and spending, or distribution.

Elements pertaining to investor education of retirement products includes, but is not limited to, risks versus rewards, product cost and value, taxation (as different products can receive different tax treatment), financial strength of the issuing company, and general product principles. The product prospectus is a valuable tool in understanding this information. A summary prospectus may be available for some products, such as mutual funds. Although not available to variable annuities presently, IRI research shows that 94% of consumers would prefer to receive a shorter, printed summary prospectus instead of a full prospectus if details were available online or upon request.

IV. Impact of Emotion on Financial Decisions

A number of our member companies related that emotion rules many financial decisions—and, as one company expressed it, "usually for the worst." The example of buying high and selling low was one of the longstanding rules of thumb cited. Therefore, this firm believes that individuals need to be more aware of behavioral investing and the potential negative impacts.

IRI has noted that the recent recession had a significant effect on Boomers' retirement savings and income plans. Nearly half of the survey respondents related that recent economic changes made it more difficult for them to pay for essential items, and one-third stopped contributing to a 401(k), IRA or other retirement accounts.

Therefore, planning for long-term needs is essential, taking into account some contingencies that would otherwise derail a financial plan. Financial advisors can help in this regard. According to research conducted by IRI in February 2011, Boomers who have consulted with a financial planner are more likely to be confident about their retirement security. Yet, emotional responses play a role in the selection of an advisor, with trust emerging as a key issue. A MetLife study released in 2010 noted that 61% of women cite a feeling of trust and respect as the top factor. Additionally, Cerulli Associates found that trust is a key issue for HNW households, particularly post-crisis. IRI concludes that investor education on how to locate and begin a relationship with a financial advisor would, therefore, be of significance.

IRI applauds the SEC's study on this timely topic. This year represents a watershed moment in terms of retirement planning, as the first of 79 million Baby Boomers inaugurate a nearly 20-year long Retirement Boom throughout America. However, for many of them, their retirement expectations have been hampered by recession-related financial difficulties. Uncertainty abounds as to when they can retire, if at all, with IRI research showing that more than half expect to work during what should be their retirement years. Unfortunately, far too many Boomers are lacking the confidence that they will be able to enjoy a financially secure retirement. Now more than ever, we must come together to help educate all Americans on the importance of holistic retirement planning, putting them on a path to a brighter financial future.

If you have any questions or comments, please feel free to contact me or Lee Covington, our Senior Vice President and General Counsel, with any questions regarding our comments.

Sincerely,

Cathy Weatherford
President & CEO