



November 9, 2018

The Honorable Hester Peirce
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Commissioner Peirce,

Thank you for your time on October 19th in meeting with me as well as representatives of Jackson National, Lincoln Financial and Pacific Life to discuss the impact of proposed Regulation Best Interest on variable annuities. We support the SEC's goal of ensuring that broker dealers act in the best interest of their customers and we believe special consideration should be given to the application of the best interest standard to variable insurance products.

As we noted in our meeting, more Americans are living longer during their retirement years and fewer have access to defined benefit plans that could have provided the certainty of lifetime income. People are expected to save for their retirement on their own, and need help in understanding the investment choices available to manage their private savings to meet their financial goals and objectives. An important component of that financial plan should be inclusion of a reliable source of income throughout their retirement. Variable annuities should be in that mix as they protect investors against inflation, longevity, and market risks through underlying investment accounts by providing guaranteed income for life.

In order to provide their promised benefits, variable annuities differ from other securities products. In addition to an investment component, they have a significant insurance component that comes at an additional cost. Therefore, it would not be appropriate to compare variable annuities to other investment products that are designed for accumulation (e.g., mutual funds), solely on the basis of cost when making a best interest determination.

Registered representatives who sell variable annuities must adhere not only to FINRA and state securities registration, licensing and education requirements, but also state insurance laws which set forth additional licensing, education and qualification requirements. Furthermore, broker-dealers have specific additional review standards that must be satisfied in the sale of variable annuities. No insurance or investment product is subject to as much federal and state scrutiny, and oversight and regulation, as variable annuities.

Therefore, as we discussed in our meeting, we recommend that:

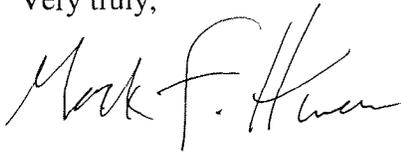
- The Disclosure Obligation under proposed Regulation Best Interest, as well as Form CRS, should take variable annuities into consideration and should require disclosures for variable annuities and other investment products of not only the applicable costs, but also the product features, benefits and risks to enable customers to make informed investment decisions;

- To satisfy the heightened standard under Regulation Best Interest, broker-dealers and their registered representatives should be required to consider longevity risk and prepare and analyze a customer income profile that takes into account the customer's lifetime income needs (e.g., does the client have an adequate source of guaranteed lifetime retirement income?); and
- Investment advisers should be required to disclose the "all in" cost to retail customers that include product costs (for example, expense ratios for mutual funds) and asset-based investment advisory fees in a single location; otherwise it is difficult for customers to understand the total costs when comparing investments in a fee-based advisory account to investments in commission-based accounts over time.

We will work with our trade associations and industry partners to provide you with suggested language for Form CRS and other issues regarding these points.

Please do not hesitate to contact me if you have any questions.

Very truly,



Mark F. Halloran
VP Managing Director, Business Development
Transamerica

Cc: Transamerica

Maurice Perkins, Global Head of Government & Policy Affairs
Jackson National
Drew Bowden, General Counsel
Lincoln Financial Group
Will Fuller, President of Annuity Solutions
Carrie Chelko, SVP & Chief Counsel, Distribution
Pacific Life
Chin Kim, AVP, Retirement Strategies, Retirement Solutions Division
Seaver Sowers, VP of Government Relations