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August 23, 2010

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

RE: Target Date Retirement Fund Names and Marketing in Investment Company Advertising;
[Release Nos. 33-9126; 34-62300; IC-29301; File No. S7-12-10]

Dear Ms. Murphy:

The American Council of Life Insurers submits this letter in response to the SEC's proposed initiative on target date fund retirement names and marketing¹. The coordinated releases identify a series of proposed amendments to the SEC's sales literature, disclosure, and marketing requirements.

We greatly appreciate the opportunity to share our views on this significant initiative. ACLI is a national trade association with 300 members that represent more than 90 percent of the assets and premiums of the life insurance and annuity industry. ACLI member companies offer insurance contracts and other investment products and services to qualified retirement plans, including both defined benefit pension and 401(k) arrangements, and to individuals through individual retirement arrangements (IRAs) or on a non-qualified basis.

Summary of Proposal

The SEC has proposed amendments to Rule 482 under the Securities Act of 1933 and Rule 34b-1 under the Investment Company Act of 1940 that would require a target date retirement fund that includes the target date in its name to disclose the fund's asset allocation at the target date immediately adjacent to the first use of the fund's name in marketing materials. The initiative also includes amendments to Rule 482 and Rule 34b-1 that would require marketing materials for target date retirement funds to include a table, chart, or graph depicting the fund's asset allocation over time, together with a statement that would highlight the fund's final asset allocation.

The proposal would also require a statement in marketing materials that a target date retirement fund should not be selected based solely on age or retirement date, is not a guaranteed investment, and the stated asset allocations may be subject to change. Additionally, proposed amendments to Rule 156 under the Securities Act would provide additional guidance regarding statements in

¹ The coordinated releases were published on June 23, 2010 in [75 Fed Reg. 120 at 35920](#).

marketing materials for target date retirement funds and other investment companies that could be misleading.

Statement of Position

In light of changes in the law and regulations governing retirement arrangements subject to the Employee Retirement Income Security Act of 1974 (“ERISA”), growing numbers of plan participants have their plan contributions invested in target date funds on a default basis. We believe that the Commission’s proposed rule amendments will help these and other investors better understand target date funds’ investment strategy and asset allocation plan.

Many of these target date funds are described as “retirement” funds to be used throughout “retirement.” As the release notes, investors typically cease purchasing shares of target date funds at retirement. At that time, investors typically shift to orderly withdrawals to support their retirement income needs. In order to develop or evaluate a retirement income plan, an investor needs to understand longevity, market, and other risks that can affect the retirement income potential of their investment in the target date fund.

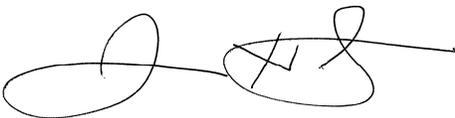
In light of these risks, ACLI recommends that, in addition to a statement that advises an investor that a fund is not guaranteed and that it is possible to lose money, the proposed Section 230.482(b)(5)(ii)(B) should require a statement that advises the investor that, in the absence of an insurance guarantee, the fund does not guarantee that the investor could support a particular rate of redemptions from the fund over the investor’s life or for any other period, i.e., the fund does not guarantee income in retirement.

Conclusion

ACLI supports the general objectives of the proposed rule amendments: to clarify sales literature, marketing and disclosure used in target date funds. Through these initiatives, consumers will have enhanced information on which to make an informed purchase decision. We strongly encourage the expansion of the proposal as suggested above. In that way, the initiative will be even more functionally and equitably useful.

We greatly appreciate your attention to our views. If you have any questions, please let me know.

Sincerely,



James Szostek
Vice President, Taxes & Retirement Security

Pc: Devin F. Sullivan, Senior Counsel, Division of Investment Management
Michael C. Pawluk, Branch Chief, Division of Investment Management
Mark T. Uyeda, Assistant Director, Division of Investment Management