



# INVESTMENT COMPANY INSTITUTE

MATTHEW P. FINK  
PRESIDENT

June 26, 2003

The Honorable Earl Pomeroy  
U.S. House of Representatives  
1110 Longworth House Office Building  
Washington, DC 20515-3401

The Honorable Johnny Isakson  
U.S. House of Representatives  
132 Cannon House Office Building  
Washington, DC 20515-1006

The Honorable Phil English  
U.S. House of Representatives  
1410 Longworth House Office Building  
Washington, DC 20515-3803

The Honorable Rob Andrews  
U.S. House of Representatives  
2439 Rayburn House Office Building  
Washington, DC 20515-3001

Re: H.R. 2458, the "Secure Annuity Income for Life Act of 2003"

Dear Representatives Pomeroy, Isakson, English and Andrews:

The Investment Company Institute<sup>1</sup> and its member companies, which serve the retirement savings and other long-term financial needs of millions of individuals, recognize that retirement security is vital to our nation's future. As Americans of the baby-boom generation near retirement, it is particularly important that public policy encourage retirees to manage and draw upon their retirement savings in a manner that appropriately addresses their individual needs and circumstances.

To further this objective, we believe that the scope of H.R. 2458, which you recently introduced, should be expanded. As you are aware, H.R. 2458 would exclude from income a portion of an individual's retirement distributions received in the form of an annuity. Should Congress provide such favorable tax treatment to annuitized distributions, the same treatment should apply to comparable forms of distribution, such as periodic payments paid over life expectancy and other extended periods. A periodic payment (or "installment") method may be more suitable for an individual for a number of reasons. For instance, periodic payments:

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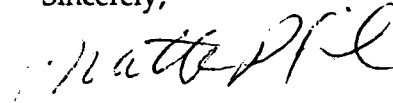
<sup>1</sup> The Investment Company Institute is the national association of the American investment company industry. Its membership includes 8,688 open-end investment companies ("mutual funds"), 556 closed-end investment companies, 110 exchange-traded funds and 6 sponsors of unit investment trusts. Its mutual fund members have assets of about \$6.475 trillion, accounting for approximately 95% of total industry assets, and 90.2 million individual shareholders.

- provide an easy-to-understand, structured form of income stream over life expectancy or another long-term period, much like that provided by an annuity, but typically at lower cost;
- provide a greater measure of flexibility to receive additional amounts to meet immediate, unexpected financial needs (such as medical emergencies or other unforeseen events that may occur during an individual's retirement years);
- allow an investor's assets, while they may still be substantial, to pass to one's heirs following death; and
- allow investment flexibility depending on an individual's level of risk-tolerance or other annuitized assets, such as benefits under Social Security or a defined benefit plan.

In short, a broad-based tax incentive that applies to periodic payments would encourage individuals to make more appropriate distribution decisions based upon their entire financial situation and other considerations personal to them.

We urge you to consider expanding H.R. 2458 in this manner.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew P. Fink". The signature is written in a cursive style with a large, stylized "M" and "F".

Matthew P. Fink  
President