

News

Kreps Comments on Systematic Withdrawal Plans with NAPA

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Groom principal and chair of the firm's [Retirement Services](#) group, [Michael Kreps](#), was featured in the *National Association of Plan Advisors* ("NAPA") article, "Why Aren't Systematic Withdrawal Plans More Popular?" where he examined the features and usage of systematic withdrawal plans ("SWPs").

NAPA reported that, according to Kreps, "some SWPs may be based on actuarial assumptions to last through a participant's estimated life expectancy, while others can be customized or programmed by the participant. An SWP does not provide a guaranteed lifetime income."

NAPA further reported that Kreps said that "when a fiduciary considers adding an SWP or any other income product, the first two considerations are 'the costs associated with it,' and 'how it is communicated to participants.'"

According to the platform, Kreps added that "An SWP is easy to understand if you explain it to people,' and can be a better value than guaranteed income products such as annuities in some cases because the costs tend to be lower. This is because you aren't purchasing an insurance product on the market, you are just structing the withdrawals of your own money."

NAPA included that he said that "It really comes down to 'how much do you value a guarantee...' With an annuity, 'even if you live to 300, you get your payments. But it costs money to provide that kind of guarantee.'"

To read the article, [click here](#).