

September 5, 2008

U.S. Department of Labor
Employee Benefits Security Administration
Office of Regulations and Interpretations
200 Constitution Avenue, NW, Room N-5655
Washington, DC 20210

Attention: Participant Fee Disclosure Project

The Committee on Investment of Employee Benefit Assets (CIEBA) is the voice of the Association for Financial Professionals (AFP) on employee benefit plan asset management and investment issues. CIEBA is a nationally recognized forum for ERISA-governed corporate pension plan sponsors on fiduciary and investment matters. CIEBA represents 110 of the nation's largest retirement funds. Its members are the senior corporate financial officers who individually manage and administer corporate retirement plan assets. CIEBA members manage \$573 billion in defined contribution plan assets on behalf of 5.6 million participants.

CIEBA members have long acknowledged that good disclosure of costs associated with defined contribution plans is especially important, since participants' retirement security is dependent on how much a participant saves, how contributions are invested and the performance of those investments (net of costs). Recognizing that clear and understandable information about defined contribution plan fees is vital to employees in these plans, CIEBA released "*Defined Contribution Fee Disclosure Best Practices*," in April 2006. This primer was designed to help plan sponsors evaluate effective ways to provide important fee information to defined contribution plan participants. In June of 2007, CIEBA released an updated version of "*Defined Contribution Fee Disclosure Best Practices*." The revised primer outlines principles on fee disclosure, general guidelines and investment-specific information for sponsors to consider when developing fee disclosure materials for 401(k) and other types of defined contribution plans.

Many of the proposals included in the Department of Labor's *Fiduciary Requirements for Disclosure in Participant-Directed Individual Account Plans* are consonant with the principles laid out in the CIEBA Primer. We applaud the Department for recognizing that plan sponsors need some flexibility in designing disclosure materials that best meet the needs of their particular plan participants.

However, CIEBA members have identified several areas of concern in the proposed regulation and we encourage the Department to revisit these issues prior to finalizing the regulation.



Effective Date

An effective date of January 1, 2009 is impractical, potentially very costly, and may be impossible for some plans. Many plans are already providing much, if not all, of the information called for in the proposed regulation. However, they may not be providing the information in ways that would exactly fulfill the requirements in the proposed regulation. A simple review of current practices compared to the regulatory requirements will take some time.

Record keepers, whether internal or external, would have to redesign statements and/or add information to quarterly statements. Programming changes would have to be made and thoroughly tested before implementation. No plan sponsor or outside service provider will want to release new statements to participants without extensive review and testing to ensure their reliability and accuracy.

Additionally, some plan sponsors routinely bear the costs of information technology upgrades associated with their plans. These plan sponsors have not budgeted resources for the proposed changes. Imposing a very short deadline will increase costs dramatically. It makes little sense to ask sponsors or participants to bear significantly higher administrative costs simply to meet an arbitrary deadline.

CIEBA proposes that the effective date be set no earlier than plan years beginning 12 months after final publication of the regulation in the Federal Register.

Website Availability

Many plans offer investment alternatives that are not retail mutual funds. Co-mingled funds, either managed in-house by the plan or by a third party investment manager, may not have electronic access to the kind of detailed information associated with mutual funds sites. Requiring web access to very detailed information for these types of investments could discourage their use. Co-mingled funds that are created for specific plans can offer participants lower fees than some mutual funds.

Quarterly Reporting of Administrative Expenses

Some CIEBA members will have extreme difficulty reporting the actual dollar amounts charged to participants for administrative expenses on a quarterly basis. They will have to make major changes to their recordkeeping platforms and accounting processes in order to provide this information. Further, a question has been raised about whether quarterly reporting of administrative expenses will be confusing to participants. CIEBA members do not object to quarterly reporting of individual expenses, such as costs related to Qualified Domestic Relations Orders (QDROs) or loans.

Pre-Enrollment Disclosure

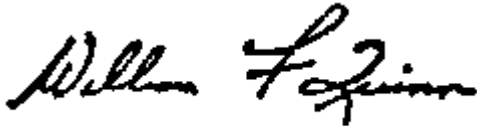
There are circumstances where the plan cannot provide the required disclosures “on or before the date of plan eligibility.” For example, in the event of the death of the participant or a QDRO it is not possible to provide the required disclosures in advance. The final rules should clarify that in these types of circumstances, plans should provide information to the beneficiary within 30-60 days after notice of the event is received by the employer.

Reporting of *De Minimis* Amounts

The proposed regulation does not include any exception for *de minimis* amounts. We would argue that the record-keeping and reporting costs to report specifically on amounts less than 5 basis points far outweighs the value to participants. We urge the Department to consider allowing reporting as “5 basis points or less” for any expense below this threshold.

CIEBA appreciates the opportunity to comment on the proposed regulation, *Fiduciary Requirements for Disclosure in Participant-Directed Individual Account Plans*. Should you have any questions, please contact Judy Schub, CIEBA’s managing director at (301) 961-8682.

Sincerely,

A handwritten signature in black ink that reads "William F. Quinn". The signature is written in a cursive, flowing style.

William F. Quinn
CIEBA Chairman