

September 19, 2006

VIA E-MAIL

Office of Regulations and Interpretations
Employee Benefits Security Administration (EBSA)
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Department of Labor
Washington, DC 20210

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Attn: Revision of Form 5500 (RIN 1210-ABOE)

Ladies and Gentlemen:

The ERISA Industry Committee is pleased to submit the following comments regarding the proposed revisions to the Form 5500 Annual Return/Report. ERIC is a non-profit association that represents exclusively the employee benefits interests of America's largest employers. Together ERIC's members provide comprehensive retirement, health care coverage, and other economic security benefits directly to tens of millions of active and retired workers and their families in all 50 states. ERIC has, therefore, a strong interest in proposals affecting our members' ability to deliver those benefits, their cost and effectiveness, as well as the role of those benefits in the American economy.

The proposed revisions were published in notice form in the Federal Register on July 21, 2006 (the "Notice"). See 71 Fed. Reg. 41616. The Notice states that comments must be received by September 19, 2006. ERIC members are continuously reviewing the proposed revisions to determine their impact on plan administration. ERIC may submit supplemental comments on the proposed revisions.

The proposed revisions would establish a new Form 5500-SF (short form), remove the IRS-only components from the Form 5500, eliminate the limited reporting for Code §403(b) plans, and add new questions regarding Title I compliance, service provider compensation, and pension plan funding. ERIC's comments relate to two aspects of the proposed revisions: the proposed changes to the Schedule C relating to service provider compensation, and the new asset allocation information requirements.

1. ERIC commends the Department's efforts to ensure that fiduciaries have the information that they need to assess the reasonableness of compensation paid to service providers. However, the elimination of the "top forty" limit on service provider information will create a substantial administrative burden for employers and will result in increased plan administration costs.

Schedule C of the Form 5500 requires the plan to identify each person who received, directly or indirectly, \$5,000 or more in total compensation in connection with services rendered to the plan or their position with the plan during the plan year. This requirement is currently limited to the forty highest paid service providers.

Under the proposed revisions, however, service provider information will no longer be limited to the forty highest paid service providers. ERIC members are concerned that this change will result in an enormous amount of data gathering for very large plans. Plans will be required to identify each person who received \$5,000 or more in total compensation in connection with providing services to the plan. In addition, if certain enumerated¹ service providers receive more than \$1,000 in compensation from a person other than the plan or plan sponsor, the plan will need to provide information on the amount paid to each service provider, information on the relationship or services provided, and describe the nature of the compensation. Large plans could have hundreds of providers who fall into this category.

In an effort to contain administrative costs associated with the plan's reporting requirements, ERIC recommends that the Department retain the "top forty" limit in the final version of the Form 5500 revisions. In the alternative, the Department should implement a reasonable cutoff (eighty, for example) for the number of providers that must be listed on the Schedule C.

The current proposed revision of the "top forty" requirement will not help employers to make sound decisions about plan service providers. However, implementing a reasonable, practical limit on service provider information would result in transparency while containing plan costs and fees.

2. The information on Form 10-K is inappropriate for use in satisfying the additional information requirements on the Schedule B.

Although the PBGC currently collects certain investment data for Title IV plans on the Schedule H, the proposed revisions would add new questions to the

¹ Enumerated service providers are contract administrators, securities brokerages (stock, bonds, commodities), insurance brokerages or agents, custodians, consultants, investment or money managers, record keepers, trustees, appraisers, or investment evaluators.

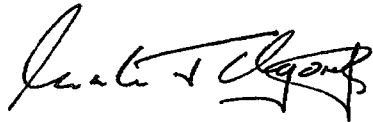
Schedule B that are designed to obtain a “look-through” allocation of plan investments in certain pooled funds for defined benefit plans with 1,000 or more participants. The new questions would obtain information on the percentage of assets held in stocks, debt instruments, real estate, and other investments. The information would be further disaggregated to identify investments in governmental debt, investment-grade corporate debt, and high-yield corporate debt. The new Schedule B would also require plans to provide a measure of the duration of the aggregate debt instruments (“Macaulay duration”). The Notice presumes that the asset distribution information, other than the Macaulay duration, is readily available to single employer plans because employers are required to report aggregate asset distributions as part of the SEC Form 10-K filing.

The asset allocation information required under the proposed revision, however, cannot be readily gleaned from the Form 10-K filing for many major employers. The information required on the Form 10-K is reported as of the plan sponsor’s Financial Accounting Standards Board (FASB) measurement date, which may not coincide with the last date of the plan year or the plan’s valuation date. For reporting purposes, the Form 10-K data therefore would be useless for any plan that uses a valuation date other than the FASB measurement date. These plans would be required to unreasonably expend additional time and financial resources gathering investment data for two separate valuation dates.

Given that the detailed asset allocation information required under the proposed revision may not be readily assessable for many large plans, ERIC recommends that the Schedule B asset allocation information requirements be removed from the final version of the revisions and replaced with a more accessible information requirement that helps the PBGC achieve its goal of accurately assessing the financial status of the plan.

Again, we appreciate the opportunity to make this submission. Please feel free to contact us if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark J. Ugoretz". The signature is fluid and cursive, with a prominent initial "M" and "U".

Mark J. Ugoretz
President
The ERISA Industry Committee