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RETURN RECEIPT REQUESTED

February 16, 2007

Office of Exemption Determinations
Employee Benefits Security Administration
Room N-5700, U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210
Attn: IRA Investment Advice RFI

Dear Mr. Strasfeld,

I am writing in response to your letter to Jim Cracchiolo, Chairman and CEO of Ameriprise Financial, Inc., seeking information regarding the feasibility of a computer model that takes into account the full universe of investments available to an Individual Retirement Account ("IRA"). On behalf of the company, we appreciate the opportunity to comment to the Employee Benefits Security Administration (the "Department").

Ameriprise Financial, Inc. and our affiliates ("Ameriprise", "we" or "our") are a financial planning, broker-dealer, asset management and insurance company, specializing in meeting clients' retirement-related financial needs. Until September 30, 2005, Ameriprise was a subsidiary of American Express Company and known as American Express Financial Corporation.

RFI Questions & Ameriprise Responses

1. Are there computer model investment advice programs for the current year and preceding year that are, or may be, utilized to provide investment advice to beneficiaries of plans described in section 4975(e)(1)(B)-(F) (and so much of subparagraph (G) as relates to such subparagraphs) (hereinafter "IRA") of the Code which:

(a) Apply generally accepted investment theories that take into account the historic returns of different asset classes over defined periods of time;

(b) Utilize relevant information about the beneficiary, which may include age, life expectancy, retirement age, risk tolerance, other assets or sources of income, and preferences as to certain types of investments;

(c) Operate in a manner that is not biased in favor of investments offered by the fiduciary adviser or a person with a material affiliation or contractual relationship with the fiduciary adviser;

(d) Take into account the full range of investments, including equities and bonds, in determining the options for the investment portfolios of the beneficiary; and

(e) Allow the beneficiary, in directing the investment, sufficient flexibility in obtaining advice to evaluate and select investment options.

Ameriprise response: We are not aware of any computer model that satisfies all five enumerated factors for the provision of investment advice. Our responses to the subsequent Questions provide important support for this response.

2. If currently available computer models do not satisfy all of the criteria described above, which criteria are presently not considered by such computer models? Would it be possible to develop a model that satisfies all of the specified criteria? Which criteria would pose difficulties to developers and why?

Ameriprise response: As a result of our broad capabilities as an asset manager, product manufacturer and a distributor of proprietary and non-proprietary products, we believe we are well qualified to respond to this question. As discussed below, currently available models cannot satisfy criteria (d) and (e). Further, even as a developer of highly sophisticated quantitative asset management models, we are not confident that satisfaction of these two criteria can ever be achieved. However, there are existing computer models, including our own proprietary models, that do satisfy criteria (a), (b) and (c).

Our proprietary asset allocation models have the ability to allocate across more than twenty asset classes, including equities and bonds. With that said, we cannot represent that such models cover the full range of permissible investments for an IRA. The universe of permissible investments for IRAs is virtually limitless. On this basis, the practicalities of obtaining the necessary amount of data for this universe of investments in order to develop, and maintain, an all encompassing model that would satisfy criterion (d) make it unfeasible. Our belief is that personalized investment advice is the most meaningful approach for beneficiaries to narrow their investment selections from a virtually infinite list of possibilities.

Criterion (e) requires that the model allow the beneficiary, in directing the investment of his or her IRA, sufficient flexibility in obtaining advice to evaluate and select investment options. Computer models are extremely flexible, but sophisticated, tools. We do not believe that the average IRA beneficiary can effectively implement such tools without the assistance of a trained financial advisor. In addition, because of the intellectual rigor and scientific validation dedicated to developing the logic and assumptions that drive the most effective computer models, we do not foresee a meaningful ability for an IRA beneficiary, or even a trained financial advisor, to materially modify the model and thus threaten its integrity. We only foresee the ability of the beneficiary to vary his or her defined inputs into a model. Again, we believe that a well trained financial advisor is the key link in ensuring that IRA beneficiaries can present their

circumstances, investment goals and objectives and have the appropriate tools and resources provided to them, resulting in the best opportunity for achieving the beneficiaries' objectives.

We have developed, and continue to develop and refine, a number of highly sophisticated and effective quantitative asset management models. These proprietary models generally fall into one of three categories: asset allocation, security selection and investment optimization. We should also note that these models are currently available to our professional asset managers and are not designed for direct use by IRA beneficiaries or other clients.

Asset allocation models select asset classes, and the relative allocations among the selected classes, to further defined investment objectives. Our existing asset allocation models have been developed, validated and refined through the use of back-testing against the historic returns of multiple asset classes. Security selection models pick individual investments within an identified asset class for inclusion in a portfolio. These models have also been developed, validated and refined through the use of back-testing against historical data. On this basis we believe there are computer models, including our proprietary models, that satisfy criterion (a).

Investment optimization models generally seek to "fine-tune" the asset allocation and stock selection output based upon account or investor-specific criteria such as investment time horizon, cash flows and cash needs. On this basis there are models that largely satisfy criterion (b). While we believe these models are extremely valuable resources, as discussed above with regard to criteria (e), they are also sophisticated tools that are best implemented by a trained financial intermediary.

With regard to criterion (c), computer model investment advice programs today incorporate both non-proprietary and proprietary investment options, with the program designed to recommend the investment strategy most appropriate for the individual investor regardless of whether the underlying investment is proprietary or non-proprietary in character. As computer modeling capabilities have advanced, it has become clear that these programs are the most effective with regard to the analysis and implementation of pooled or structured investments (e.g., mutual funds) when detailed, real-time information regarding the holdings, strategies, and characteristics of such investments is incorporated into the models. This depth of information optimizes the analysis of individual holdings but also their interplay within a portfolio. For example, it is important to know the extent to which the performance of funds held in a portfolio are correlated or the extent to which the underlying holdings of the funds overlap. Because third party managers of such products are legitimately reluctant to provide the necessary transparency into the management of such products, there is an emerging trend towards the use of proprietary underlying investments for which access to detailed information critical to enhanced performance is available.

3. If there are any currently available computer model investment advice programs meeting the criteria described in Question 1 that may be utilized for providing investment advice to IRA beneficiaries, please provide a complete description of such programs and the extent to which they are available to IRA beneficiaries.

Ameriprise response: As indicated in our response to Questions 1 and 2, we have developed highly effective computer models that satisfy three of the five criteria described in Question 1. We are not aware of any computer model that fully satisfies each of the five criteria set forth in Question 1 and we do not believe that such a computer model is feasible.

4. With respect to any programs described in response to Question 3, do any of such programs permit the IRA beneficiary to invest IRA assets in virtually any investment? If not, what are the difficulties, if any, in creating such a model?

Ameriprise response: As indicated in our response to Questions 1 and 2, we are not aware of any such computer model nor do we believe that such a computer model is feasible. The difficulties with developing such a model are that the universe of investments is virtually infinite, and the model would have to be updated on a very frequent basis in order to promptly include new investments and reflect changes in market conditions.

5. If computer model investment advice programs are not currently available to IRA beneficiaries that permit the investment of IRA assets in virtually any investment, are there computer model investment advice programs currently available to IRA beneficiaries that, by design or operation, limit the investments modeled by the computer program to a subset of the investment universe? If so, who is responsible for the development of such investment limitations and how are the limitations developed? Is there any flexibility on the part of an IRA beneficiary to modify the computer model to take into account his or her preferences? Are such computer model investment advice programs available to the beneficiaries of IRAs that are not maintained by the persons offering such programs?

Ameriprise response: There are computer model investment advice programs currently available to IRA beneficiaries that, by design or operation, limit the investments modeled by the computer program to a subset of the investment universe. There are various, but inter-related, bases for these limitations, driven primarily by: i) the data relating to the underlying investments that is available (both historical and real time); ii) the model developer's ability to successfully analyze that data such that the relevant investment can be modeled; iii) the model developer's determination as to the relevance of the type of investment; iv) the target market for the model and the perceived needs of the customers in that target market; and v) the constraints of the product through which the model is offered.

A category of computer models we are aware of provide general asset allocation recommendations and do not reach to the specific investment holding level.

These computer models have historically been designed to meet the investment education safe harbor created by the Department.

We are also aware of computer models that do provide specific investment holding advice but these models only take into account a limited number of mutual fund investment options, such as those funds that are offered in the variable insurance product. These models can clearly add value with respect to the limited universe of investments they analyze and may be designed to meet requirements (a), (b) and (c) above, but they do not meet requirements (d) and (e) as these models do not take into account any investments beyond the limited number of mutual funds. It is important to note that these models do not have the flexibility to provide IRA beneficiaries the opportunity to obtain advice outside of the limited investment options selected by the model.

We believe that high quality models that achieve the best results for individual investors are flexible enough to take into account individual customer's preferences, but also sophisticated enough to provide well-reasoned advice. The presence of a trained financial advisor is necessary not only to select the most appropriate investment advice tool for a particular IRA beneficiary (which may or may not be a computer model) but also, when a model is selected, elicit the relevant inputs that will optimize the quality of the model's output. In other words, computer models can be very useful tools for IRA beneficiaries and financial advisors, but in order to be used most effectively they should be implemented through the comprehensive and personalized advice capabilities of a knowledgeable financial advisor. As the complexity of computer modeling grows, we believe that the use of computer models in conjunction with a financial professional will grow **significantly**.

6. If you offer a computer model investment advice program based on nonproprietary investment products, do you make the program available to investment accounts maintained by you on behalf of IRA beneficiaries?

Ameriprise response: We offer a computer model investment advice program as part of a variable annuity that we offer to our IRA clients. The computer model investment advice program is maintained by a third-party. This non-proprietary computer model takes into account the limited universe of variable annuity subaccounts that are available within the annuity contract. Some of those variable annuity subaccounts are nonproprietary (i.e. managed by an unrelated party) while others are proprietary. This product is available to IRA beneficiaries as well as other Ameriprise clients.

7. What are the investment options considered by computer investment advice programs? What information on such options is needed? How is the information obtained and made part of the programs? Is the information publicly available or available to IRA beneficiaries?

Ameriprise response: With regard to computer investment advice programs in general, our experience with effective asset allocation models is that regardless of the underlying holdings the program must be able to quantitatively analyze the holdings to ensure that the overall asset allocation specifications are met and to reduce risk associated with large holdings of any particular security. This requires a significant amount of detailed historical and real time data regarding the holdings and their characteristics.

8. How should the Department or a third party evaluate a computer model investment advice program to determine whether a program satisfies the criteria described in Question 1 or any other similar criteria established to evaluate such programs?

Arneriprise response: The Department must determine that the computer model credibly handles the full range of investment options available within an IRA. In evaluating a claim that such a computer model has been developed, we would suggest that the Department create a checklist of asset types (the list should at a minimum include such investments as precious metals, real estate, individual stocks and bonds, stock options, privately held stock and commodities), and seek the following information for each:

- If the computer model developer indicates that all permissible investments are included in the model, the criteria selected by the developer to ensure inclusion of all permissible investments as well as information for assessing each permissible investment option within an investment class.
- The circumstances upon which the computer model would recommend that the IRA beneficiary invest significantly in non-publicly traded investments, including currency, real estate, and/or privately held stock and bonds.
- The criteria utilized by the computer model to trigger an investment recommendation for each eligible investment.
- The frequency by which the computer model is updated to determine whether it appropriately incorporates new investment options and reflects changes in market conditions.
- The effectiveness of the computer model in evaluating other inputs used by the model, such as risk tolerance, timeframe, other assets and income sources, life expectancy and other factors it deems pertinent to selecting investment holdings from the universe of possibilities and the determination of the weightings of such holdings.
- With regard to criterion (e), evaluate the ability of the computer model to normalize the quality of the model's output regardless of the sophistication level of the IRA beneficiary.
- The circumstances upon which an IRA beneficiary would be allowed to override the output of the computer model

February 16, 2007

Page 7

9. *How do computer model investment advice programs present advice to IRA beneficiaries? How do such programs allow beneficiaries to refine, amend or override provided advice?*

Ameriprise response: See our response to Question 5. Today's computer models are simply not designed to help an individual IRA beneficiary assess their personal circumstances sufficiently to effectively refine, amend or override the provided advice. This is why we believe that a computer model should be complemented by the professional services of a financial advisor.

Given the Department's interest in trying to better understand the role that computer models could serve as a tool in the provision of investment advice to IRA beneficiaries, we offer to share with you more of our in-depth expertise regarding the state of computer modeling for asset management purposes.

Ameriprise appreciates this opportunity to respond to this Request for Information regarding the feasibility of computer models in providing advice for Individual Retirement Accounts. Please contact us if you wish to discuss any portion of our response in more detail.

Sincerely,

A handwritten signature in black ink, appearing to read "John C. Junek". The signature is fluid and cursive, with a large initial "J" and "C".

John C Junek
Executive Vice President & General Counsel