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From: tdijak@hilliard.com [<mailto:tdijak@hilliard.com>]

Sent: Thursday, April 26, 2007 9:54 AM

To: EBSA, E-ORI - EBSA

Subject: Fee Disclosure on 401K's

DOL,

I am a broker/manager with Hilliard Lyon's in Midland Michigan. We have been marketing 401K platforms to business owners and managers for the last 3 years. The state of fee disclosure among my peers is pitiful. We market plans in the \$1,000,000 to \$10,000,000 range typically. Often times we are competing against an insurance salesperson representing a variable annuity product or a bank trust department representing pooled funds. I honestly believe that these salespeople have no idea what the fee structure of their product is. Many of them represent the products as having "no fees and no loads". In fact, their platforms are typically dripping with CDSC's, management fees, transactional costs and administrative fees. The plans are structured so the participants absorb the costs and the plan sponsor never gets a bill.

We often times represent the First Mercantile 401K platform and advise clients to hire a separate TPA and plan document instead of getting a "wrapped" plan. We will get them quotes for the TPA and plan docs and fully disclose our fees. Even though these fees can get monetized into the participants sub-account performance, I am not comfortable pitching the plan without disclosure. We have even gone as far as to create a spreadsheet that discloses the fees of the other platforms they're considering. This usually proves that our platform is competitive.

We've had competitors look at these spreadsheets and call us liars. When we pull the plan prospectus and actually show the sponsor the costs of our competitors product, they cannot believe that there isn't a uniform disclosure. They sometimes get upset with our competitors lack of knowledge and disclosure of fees. The insurance industry is notorious for not disclosing the M&E expenses which typically range from 1-1.6% on plans of this size. The banks usually only disclose their plan servicing fee but don't discuss their reimbursement threshold and management costs surrounding the sub accounts.

I suggest you take a look at the First Mercantile platform and how their representatives disclose fees. I personally think it should be the gold standard for all platform presentations. Furthermore, if the sponsor elects to pass the costs through to the plan participant, the participant should be informed of their pro-rata cost of participation. I believe that not only the administrative and legal expenses should be disclosed but also the sub accounts management fee and transactional costs. That's the only way to compare plans to each other.

Please feel free to contact me regarding additional input.

Tim Dijak

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