

From: Eugene A. Benson, Jr. [mailto:ebenson@larkspurdata.com]  
Sent: Tuesday, January 09, 2007 8:37 PM  
To: EBSA, E-ORI - EBSA  
Subject: Comments on Proposed Revisions of Annual Information Returns/Reports

Office of Regulations and Interpretations  
Department of Labor  
RIN 1210-AB14  
Proposed Revisions of Annual Information Returns/Reports  
(Under the Pension Protection Act of 2006)

Comments on Proposed Revisions:

I have worked in the employee benefit arena for the majority of my professional career. First as a Certified Public Accountant and subsequently as an analyst and vendor of qualified plan data. I began working with qualified plans and ERISA regulations in 1974, the year ERISA was signed into law.

As a result of my experience in this area, I question the propriety of the proposal to reduce reporting requirements for plans with 25 or fewer participants. As of 2004 there were approximately 575,000 DB & DC plan filings that fit into this category. These plans covered 3.8 million individuals (with some overlap) and approximately \$382 million in plan assets.

It has been my experience that plans of this size are rife with incomplete, incorrect and/or questionable data. They tend to be improperly prepared; missing data is not uncommon, balance sheets and income statements do not add properly, valuation methods for non-publicly traded assets are non-existent, and required information is either not present or not disclosed. In these types of plans you will find much higher rates of discriminatory and abusive behavior than you will with plans of larger size.

Your proposal will only increase this behavior and provide sponsors and providers with further opportunity to abuse laws & regulations that were specifically designed for the protection of qualified plan participants. ERISA was originally created to provide "protection for individuals" that are members of these plans.

Single participant plans with fewer than \$100,000 in assets are already granted an exemption from certain filing requirements. This is reasonable given the fact that the sponsors are normally the sole beneficiaries of these plans.

But this new proposal would grant a filing exemption to more than 50% of all remaining qualified plans. Nearly half of the plans in the 25 and under group are 401(k) plans. As such participants contribute the majority of investment funds into these plans.

Congress is currently considering an additional proposal to amend ERISA for the purpose of making investment fees more transparent to plan participants. The reduction of filing requirements completely contradicts the desire to provide transparency and additional information to plan participants. Participants in the 25 & under category should be enabled to evaluate not only the propriety of fees being charged on their investments but the appropriate management of their retirement funds as well.

Just as there is a need for transparency in fee structures there is a similar need in reporting information for plans with 2 to 25 participants. Without adequate reporting requirements the door is opened to those who will abuse the management of plan assets.

The cost to plan sponsors for document preparation is minimal. Document preparation has become so commonplace it is considered a commodity in the industry. Investment managers and mutual fund providers cannot operate in this market without providing these services. So who benefits from reduced filing requirements? Only those who will abuse the protections provided by ERISA? It will not benefit plan participants!

I appreciate your consideration of these comments.

Sincerely,

Eugene A. Benson, Jr.  
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