



July 24, 2007

Ms. Katherine D. Lewis  
Office of Regulators and Interpretations  
Employee Benefits Security Administration  
U.S. Department of Labor  
Room N-5669  
200 Constitution Avenue, N.W.  
Washington, DC 20210

Re: Fee and Expense Disclosures to Participants in Individual Account Plans

Dear Ms. Lewis,

We appreciate the opportunity to comment on the disclosure of fees and expenses to individuals directing the investment of their plan assets in defined contribution plans. The goal of ensuring that participants and beneficiaries have the information necessary make informed decisions about the management and investment of their retirement plan assets is commendable.

Alpha Investment Consulting Group, LLC is a Registered Investment Advisor providing consulting services to the qualified retirement plan market since 1989. We are a fee-based firm advising on client assets exceeding \$4 billion. On a regular basis, we review plan costs with our clients to determine whether plan fees remain competitive as well as reasonable. We perform such reviews on an absolute as well as relative basis, examining billed and non-billed expenses for revenue sharing and transparency while identifying fees as investment oriented versus administrative oriented.

At the participant level, we are cognizant of the individual investment fund costs, as well as any plan administrative costs borne by plan participants. These fee levels are discussed and monitored with members of the corresponding retirement plan or investment committees for each client's plan(s). Our clients have experienced a general decline in total plan fees as a percentage of plan assets which correspondingly results in an increase in the ratio of investment fund fees to total plan fees. This is in line with fees illustrated in the GAO report on Private Pensions – Changes Needed to Provide 401(k) Plan Participants and the Department of Labor Better Information on Fees (November 2006, Figure 4). This does not necessarily imply, however, that the underlying investment fees themselves are increasing. To the contrary, we have found our clients are experiencing a continual decline in investment expense on both a singular fund as well as a weighted average basis.

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We support the Department's review of section 404(c) regulation as it pertains to the disclosure of pertinent investment fund information including fees and any trading-related costs (redemption fees, trading fees, etc.). We would encourage the Department to consider the requirement of an investment fund summary page to be distributed to each eligible participant that briefly details each investment option available, investment management fees for each specific fund, and any additional plan level fees not included in the investment management fee. This would be in contrast to requiring a complete prospectus to be delivered to every eligible plan participant in advance of actual investment in the fund.

With plans averaging 12-17 investment options for participant investment, the delivery of complete prospectuses for each fund can overwhelm the average employee. Experience has taught the retirement plan community that overwhelmed participants tend to take no action versus initiating appropriate informed decisions. Technology today allows service providers to make complete prospectuses and profile prospectuses available instantly via the internet with complete disclosure to the individual investor. Furthermore, recordkeepers could be required to deliver prospectuses (electronically or otherwise) to each plan participant upon initial investment in a given investment fund.

We would also advocate the Department initiate discussions with recordkeepers and service providers to include the weighted average investment expense on quarterly statements to participants. Most providers can currently provide personal rates of return on participant statements reflecting a weighted average of the funds utilized, the corresponding investment expense, and assets invested in each fund. This requirement would be in line with the recommendations from the Advisory Council On Employee Welfare and Pension Benefit Plans' Working Group on Fee and Related Disclosures to Participants (2004) and the Sample All-In Fee Report illustration included as Exhibit A to the report.

Finally, we believe consideration should be given to the inclusion of aggregate plan level expenses within the Summary Plan Description. The plan level fees should also detail the fees paid by the plan sponsor and those paid by plan participants. Most SPD's today are provided to eligible plan participants electronically and are available daily via the service provider's web site. This level of fee disclosure is consistent with the goals of appropriate fee disclosure as outlined in the GAO report, The Advisory Council recommendations, and Section 404(c).

We appreciate the opportunity to provide commentary to the Department.

Respectfully,



Michael J. Driscoll  
Consultant  
MJD:ps