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Sent: Tuesday, April 24, 2007 8:16 PM

To: EBSA, E-ORI - EBSA

Subject: Comments on 401k Fees

Your decision to review not only fees but also disclosure of fees is a good one. I have been in the retirement plan investment management business for the better part of the last 25 years, and it is in fact constantly surprising that small employers in particular are very uninformed about the fees they are being charged. Typically insurance companies are very creative about how they charge for their services and often, in my opinion, they charge amounts that are too high.

Having said that as a backdrop, the Department of Labor and other regulatory bodies cannot lose sight of the fact that many small employers find the regulatory environment imposed on them in the retirement plan arena not only incredibly complex, but very expensive and threatening. The drumbeat of "fiduciary responsibility", while appropriate, is driving companies to throw in the towel and simply not offer plans. The financial benefits to owners have already been severely reduced over the years in retirement plans, so the sole reason for many companies to offer a 401k or something similar is to have a competitive benefits package. But, like medical insurance, or any other benefit, eventually the price gets too high and the benefits get reduced or eliminated. Employers are not an endless supply of money to finance employee well being.

Running a 401k plan is expensive. Recordkeeping. Legal advice. Compliance testing. ERISA compliance. Internet access. Statements. Advice and communication to educate employees to make good decisions and save enough. Investment management. Etc. Etc...Etc.....I read several of the testimonies given at the recent congressional hearings and, to put it bluntly, suggesting that a plan can offer top notch investment management for 3 basis points as one of the witnesses said, is simply ludicrous. Perhaps Xerox can start their own investment funds, but Mr.. Small business cannot. Not only cannot Mr.. Small Business not provide such services for such a low cost, Mr.. Small Business will simply decide not to offer plans if his perception is that "one false step" and his balance sheet will be in shambles. For heaven's sake, he employs people, he provides medical insurance and he gives his people a 401k. But if it is not just the right kind of 401k, look out.

I strongly urge you to live in the real world when you formulate new rules and laws. If you do not, you will deprive employees of the very benefits you seek to protect.

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