
From: Barbara Beltrand [mailto:barbarabeltrand@minn.net]
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To: EBSA, E-ORI - EBSA
Subject: Participant Fee Disclosure Project

Employee Benefits Security Administration (EBSA)
Office of Regulations and Interpretations
U.S. Department of Labor Room N-5669
200 Constitution Avenue, NW
Washington, DC 20210

To whom it may concern,

Since my experience is that many plan participants and plan fiduciaries do not understand the types of investments that are the options presented, I hope that this proposed regulation can be changed to include the requirement that “stock funds” “bond funds” and “other” in both the model comparative chart *and the regulation itself* be changed to include disclosure that are something like:

- Mutual Funds (stock) (registered with and monitored by the SEC)
- Mutual Funds (bonds) (registered with and monitored by the SEC)
- Pooled separate accounts (sponsored by an insurance company that is regulated at the state level)
- Guaranteed investment accounts (sponsored by a bank that is regulated by the Federal Reserve Board)
- Stocks (self-directed brokerage account)
- Bonds (self-directed brokerage account)

Many plans provide investment option materials to plan participants that are presented in such a way as to imply that the investment option is a mutual fund. Consequently many participants (and the plan trustees and the Plan auditors) think the option is a mutual fund. The marketing materials actually say “100% in Vanguard xyz.”

If the auditor provides a limited scope audit and therefore does not audit the investments, the auditor may genuinely believe that the investment options are mutual funds. The auditor may consequently complete the audit and the Form 5500 incorrectly.

Though knowledge of expense ratios will assist participants in making rational investment choices, straightforward knowledge of the actual character of the investment option itself is likely to provide baseline information that will help plan participants in not only making investment elections, but also provide sufficient information so that participants can request that the plan fiduciaries provide investment options that in and of themselves are in the participant’s best long-term interests.

Thank you,

Barbara A. Beltrand
515 Saratoga Street South
St. Paul, MN 55116-1545
651-269-0470 / cell
651-698-4557 / voice & fax
BarbaraBeltrand@minn.net