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Sent: Wednesday, September 10, 2008 1:59 PM

To: EBSA, E-ORI - EBSA

Subject: Participant fee disclosure project.

Hello,

I am a CFO of a private company and in that position have had to set up our 401(k) plan. The following observations come from that experience and my experiences over the last ~20 years of being a inquisitive participant in many plans with all of my previous employers.

A few things that need better disclosure to plan participants:

- Disclose up front the money that gets channeled back to the plan administrators / other intermediaries from the total fund fees that is charged to the participants. Generally the fees for every fund is disclosed as one percentage but it is not clear how much of it is 12b-1 and other components that are channeled back to the plan administrator in the name of subsidizing the "administration cost".
- Better definition of "administration costs" and what all qualifies to be subsidized by sharing in total fund fees. Cost of running accounting software and mailings is understandably included. But what about overhead travel for employees of the administrators?
- In the particular situation with Professional Employment Organizations (PEOs) like ADP TotalSource and Administaff, the PEO has opaque agreements with the fund families allowed into the plan. These agreements call for the fund manager to pass some money back to the PEO. While all or most of this might be legal, it should be clearly stated to the participants. At times these money back requirements of PEOs result in the plan getting a special class of a public fund which in fact has a higher fee structure than is available to the general public. Also, this special class is not analyzed by an independent monitor (like Morningstar) thus making comparison with other funds near impossible.

Please feel free to contact me for further clarifications.

Thanks.

-Sandeep.

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