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To: EBSA, E-ORI - EBSA

Subject: Comments on Fee and Expense Disclosures to Participants in Individual Account Plans

I appreciate the opportunity to comment on possible rules to require disclosure of plan administrative and investment-related fees and expenses to participants and beneficiaries. I am commenting from the perspective of a plan participant who is not an investment professional.

I believe the private pension system is a vital component of the U.S. retirement income policy. The move from defined benefit plans to defined contribution plans as the primary vehicle for providing retirement benefits puts much of the plan administrative and investment expense on the shoulders of plan participants.

Fees charged to participant accounts directly reduce the money available for retirement in a defined contribution plan. At the same time, we are a capitalist society where businesses are structured to make a profit. Also, we have a voluntary private retirement system. Fee disclosure should be intended to help the participant choose between available options within a plan and among various types of savings vehicles. It should not be fodder to undermine the fragile private retirement system.

I believe it is important to keep the cost of the disclosure to a minimum to avoiding adding one more expense that will reduce account balances. Also, keeping the disclosure simple and understandable is critical to its effectiveness. Information overload will merely keep participants like me who are not investment professionals from paying attention to the fee disclosure information.

I recommend disclosing fees in chart format that summarizes all fees charged to the participant for a particular investment. I do not think the disclosure needs to provide additional detail showing the portion paid to various parties. Many participants will have difficulty understanding intricate fee disclosure, although they will certainly understand that 2% is greater than 1%.

Participants need to be able to compare fee and performance history information for various investment options with the impact on the ultimate account balance should be the emphasis of the disclosure. Fee disclosure should not cloud other important criteria such as investment return and personal risk tolerance for selecting the appropriate investment from among the available options.

I think it makes sense to separate fees between the cost of getting into an investment, ongoing (annual) fees for remaining in the investment, and any fees for getting out of an investment. I do not believe ongoing fees should merely be netted from performance history, but they need to be shown in the same format (presumably percentages) so participants can make the subtraction and get net performance of each investment.

Any fee disclosure must allow participants to compare fees for bundled and unbundled arrangements. My husband participates in a bundled 401(k) plan and I participate in an unbundled plan. We have the choice of investments within each plan, but we also have a choice between plans. We need to be able to easily compare the various options available to us, including the associated costs.

Aggregate administrative expenses charged to participant accounts should be disclosed in summary form. As with investment-related fees, I believe percentages allow for the easiest comparison. I do not believe any detailed breakdown of administrative fees is useful. However, administrative fees should be mixed with investment fees, even in a bundled arrangement.

I am glad fee disclosure is getting attention. When 401(k) plans first became popular, participants missed the fact that fees were being shifted to them rather than paid by the employer in a defined benefit plan.

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