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

re: Fee Disclosure RFI

Dear ladies and gentlemen:

We are pleased at the opportunity of responding to your Request for Information. For the past five years, IMC has gathered data and formulated the methodology and capabilities to cost effectively provide retirement program sponsors and participants with accurate information on the reasonableness of fees paid for services. We anticipate rolling out our solution, built with input from representatives of all the industries' stakeholders, to the marketplace the fourth quarter of this year.

Given the rapidly changing nature of the industry, the variety of products, services and fees, and the varying profiles of plans, it is our opinion that the best means of evaluating plan fee reasonableness is by putting to use an information system built on a comprehensive, dynamic DC plans database.

The database if broad enough to be representative and built by asking the right questions, can be used to provide fee ranges by comparable market, service, and value segments, generating for the sponsor and participant, real and relevant apples to apples comparisons.

It is our hope that the following materials will provide you with an overview of what we believe will educate participants and enable plan sponsors to effectively manage their fiduciary responsibilities.

Yours truly,

Ron Eisen, President
Investment Management Consultants, Inc.

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IMC RFI Response

IMC's answers to the 19 questions posed in the DOL/EBSA April 25 DC Plans Fees and Expenses participant disclosure RFI. Answers are supported with the provision of a sample participant disclosure document.

Request for Information	
Disclosure of Information relating to Plan Investment Options	
1	<i>What basic information do participants need to evaluate investment options under their plans? If that information varies depending on the nature or type of investment option (options offered by a Registered Investment Company, options offered under a group annuity contract, life cycle fund, stable value product, etc.), please include an explanation.</i>
	Answer - It is possible, imperative, not confusing, and not cost prohibitive to provide DC plan participants with information on choices and alternatives for all types of investments. IMC's product accomplishes this at no extra cost or delay in making such information available.
2	<i>What specific information do participants need to evaluate the fees and expenses (such as investment management and 12b-1 fees, surrender charges, market value adjustments, etc.) attendant to investment options under their plans? If that information varies depending on the nature of type of option, or the particular fee arrangement relating to options (e.g., bundled service arrangements), please include an explanation.</i>
	Answer - IMC sees no rationale or necessity that would preclude providing participants with full and complete information on investment choice fees and expenses or for explaining how specific instruments and expenses relate to different recordkeeping distribution and services approaches. Our product does this in a fair and straight forward manner. We foresee only positive affects resulting from this (if done right) and believe the cost can be low.
3	<i>To what extent is the information participants need to evaluate investment options and the attendant fees and expenses not currently being furnished or made available to them? Should such information be required to be furnished or made available by regulation or otherwise? Who should be responsible for furnishing or making available such information? What, if any, additional burdens and/or costs would be imposed on plan sponsors or plans (plan participants) for such disclosures?</i>
	Answer - Please see IMC sample participant report for a complete picture of what we believe participants should receive. The report seeks to provide all the ingredients not currently being provided through existing communications that participants need, to understand their retirement program's products and services, fees and expenses. We make no assertion as to what should be required – only that a report of this content is possible. In our mind, the responsible party is the plan sponsor and/or whomever they delegate.
4	<i>Should there be a requirement that information relating to investment options under the plan (including attendant fees and expenses) be provided to participants in a summary and/or uniform fashion? Such a requirement might provide that: A) all investment options available under a participant-directed individual account plan must disclose information to participants in the form similar the profile prospectus utilized by registered investment companies; or B) plan fiduciaries must prepare a summary of all fees paid out of plan assets directly or indirectly by participants and/or prepare annually a single document setting forth the expense ratios for all investment options under the plan. Who should be responsible for preparing such documents? Who should bear the cost of preparing such documents? What are the burden/cost implications for plans of making any recommended changes?</i>

Request for Information	
	<p>Answer - We believe that the DOL should mandate “content intent” and objectives, while providing wide discretion to plan sponsors and their advisors to produce what they believe best suits their particular employee population. We believe this flexibility will produce the best results. The report development can vary and the cost may be borne by the plan sponsor, built into the recordkeeper offering, or other possibilities so long as the report and its information are in no way compromised. If the plan sponsor is having the work prepared on their behalf, they must be sure of the absolute non-conflicted objectivity of the preparer.</p>
5	<p><i>How is information concerning investment options, including information relating to investment fees and expenses, communicated to plan participants and how often? Does the information or the frequency with which the information is furnished depend on whether the plan is intended to be a section 404(c) plan?</i></p>
	<p>Answer - These reports are best made available at any time upon request or by look-up on the web. The minimum availability should be no less than semi-annually and supported with the most up-to-date information available.</p>
6	<p><i>How does the availability of information on the internet pertaining to specific plan investment options, including information relating to investment fees and expenses, affect the need to furnish information to participants in paper form or electronically?</i></p>
	<p>Answer - Internet should be the preferred delivery/access point. Provisions should be made to assure participants not having access or untrained to use this medium have print reports provided.</p>
7	<p><i>What changes, if any, should be made to the section 404(c) regulation, to improve the information required to be furnished or made available to plan participants and beneficiaries, and/or to improve likelihood of compliance with the disclosure or other requirements of the section 404(c) regulation? What are the burden/cost implications for plans of making any recommended changes?</i></p>
	<p>Answer - IMC makes no recommendation as relates to 404(c) per-se. We believe that the disclosure reports addressed in the RFI can be designed and cost effectively delivered to all DC plans and that from a practical matter, the DOL should evaluate means to assuring all participants and beneficiaries have access to such information.</p>
8	<p><i>To what extent should participant-directed individual account plans be required to provide or promote investment education for participants? For example, should plans be required or encouraged to provide a primer or glossary of investment-related terms relevant to a plan’s investment options (e.g. basis point, expense ratio, benchmark, redemption fee, deferred sales charge); a copy of the Department’s book entitled “A Look at 401(k) Fees” or similar publications; or investment research services? Should such a publication include an explanation of other investment concepts such as risk and return characteristics of available investment options? Please explain views, addressing costs and other issues relevant to adopting such a requirement.</i></p>
	<p>Answer - In general, we favor the DOL encouraging the players in the DC system to develop such materials.</p>

Request for Information	
Disclosure of Information Relating to Plan and Individual Account Administrative Fees/Expenses	
9	<p><i>What information is currently furnished to participants about the plan and/or individual administrative expenses charged to their individual account? Such expenses may include for example: audit fees, legal fees, trustee fees, recordkeeping expenses, individual participant transaction fees, participant loan fees or expenses.</i></p>
	<p>Answer - The following fees are the standard - non-investment expense - participant borne fees and expenses typically disclosed: loan, hardship, QDRO, distribution, rollover, per participant recordkeeping administration fees, company stock transaction and fund wrap fees as applicable.</p> <p>Trustee, audit, legal and other plan level expenses are often paid by the plan sponsor and even when plan funds are used, are typically not communicated unless a participant wants to request access to from 5500 filings.</p>
10	<p><i>What information about administrative expenses would help plan participants, but is not currently disclosed? Please explain the nature and usefulness of such information.</i></p>
	<p>Answer - See IMC sample report for a complete answer.</p>
11	<p><i>How are charges against an individual account for administrative expenses typically communicated to participants? Is such information included as part of a participant's individual account statement or furnished separately? If separately, is the information communicated via paper statements, electronically, or via website access?</i></p>
	<p>Answer - Enrollment kits, plan SPDs and materials, prospectuses, confirmations, investment performance benchmarking and expense fact sheets are typical methods used.</p>
12	<p><i>How frequently is information concerning administrative expenses charged to a participant's account communicated?</i></p>
	<p>Answer - Information is usually provided in no particular frequency. It's available at the time of initial enrollment, and when changes are made to products/services fees and expenses. If the recordkeeper is being replaced, communication occurs at re-enrollment or upon initiation of an activity that would incur a fee or expense through the transition period.</p>
13	<p><i>What, if any, requirements should the Department impose to improve disclosure of administrative expenses to plan participants? Please be specific as to any recommendation and include estimates of any new compliance costs that may be imposed on plans or plan sponsors.</i></p>
	<p>Answer - See sample participant report included with IMC's submission. This report is a component element of a plan sponsor PPA and general ERISA compliance system we will be making available Q-4, 2007.</p> <p>As part of this broader service, available-anytime participant disclosure reports are expected to run from \$3/year per participant for small plans to less than 50 cents/year per participant for the largest plans. For print reports, postage, stationary, and envelopes costs would also apply.</p>

IMC RFI Response

Request for Information	
14	<i>Should charges for administrative expenses be disclosed as part of the periodic benefit statement required under ERISA section 105?</i>
	Answer - IMC has no opinion on this matter.
General Questions	
15	<i>What, if any, distinctions should be considered in assessing the informational needs of participants in plans that intend to meet the requirements of section 404(c) as contrasted with those of participants in plans that do not intend to meet the requirements of section 404(c)?</i>
	Answer - See our response to question # 7. We believe all DC participants regardless of the plan sponsor 404(c) intent <u>and</u> participants in DC plans not currently subject to ERISA, should all receive such reports. They are all tax favored, qualified retirement plans and IMC believes from a practical matter the participant, their families, their employers, and their service providers, and the country as a whole are all served best if no one is excluded. We believe appropriate, sustainable, low cost reports can be made available.
16	<i>What (and what portion of) plan administrative and investment-related fees and expenses typically are paid by sponsors of participant-directed individual account plans? How and when is such information typically communicated to participants?</i>
	Answer - See IMC report sample for this information.
17	<i>How would providing additional fee and expense information to participants affect the choices or conduct of plan sponsors and administrators, and/or that of vendors of plan products and services? Please explain any such effects.</i>
	Answer - There is little doubt that the PPA has already had a positive impact on clearing up and mitigating conflicts of interest and bringing down fees and expenses in some of the areas of the marketplace where there was the most room for improvement. Providing information to participants such as that included in the IMC sample will keep the ball rolling. However, much of the positive impact we contemplate from participant fees/expenses disclosure may come from issuance of a well thought out 408(b)(2) regulation across all DC plans (ERISA or not) and congressional activity that may cure some of the 403(b) and 457 marketplace higher cost/inferior products and services comparisons to 401(k)s. Participant disclosures can be an important part of stimulating more plans to attain industry best practice standards appropriate for their financial profile marketplace-leverage.
18	<i>How would providing additional fee and expense information to participants affect their plan investment choices, plan savings conduct, or other plan related behavior? Please explain any such effects and provide specific examples, if available?</i>
	Answer - Behaviors (participant decisions) are in addition to fees and expenses another big thing to measure. Here IMC's opinion of the impact of the disclosure on behavior may surprise some. Intelligent investing and planning is more evidenced by participation, early participation, deferring more/enough sooner, taking better advantage of employer contributions (where available), working long enough and leaving the money in, budgeting/priorities (living within one's means), asset allocation (age and risk appropriate investing), than by simply picking the absolute lowest cost investments.

IMC RFI Response

Request for Information	
	<p>IMC believes the marketplace will commonly feature attractive/reasonable costs 2 to 5 years out across all DC market segments. The competitive emphasis will then largely be placed on value for cost, especially as average participant balances continue to grow and service providers concentrate on what will differentiate them - participant level success measures - and these are all about behaviors.</p> <p>IMC's plan sponsor PPA system and PPA disclosure reports feature a focus on what you get for what you pay for and we believe others in the marketplace will follow suit. Expecting the disclosures (singularly) to have a major impact on behavior, is probably asking too much.</p>
19	<p><i>Please identify any particularly cost-efficient (high-value but inexpensive) fee and expense disclosures to participants, and to the contrary any particularly cost-inefficient ones. Please provide any available estimates of the dollar costs or benefits of such disclosures.</i></p>
	<p>Answer - Please review IMC's sample <u>and</u> the supporting material provided to the DOL to explain our approach. The product we have designed with the help of recordkeepers, money managers, consultant/advisors, trustees, and plan sponsors, is built to have the maximum fair and sustainable impact for affordable costs we know of. In September, we will go out on the road to further see how the product can be improved on before moving to the final stage of programming for our product. We will be coming to Washington, DC as one of many stops and would welcome the opportunity to visit with the DOL as may be considered helpful.</p>

About IMC and its DC Plans' Participants' Fees and Expenses, Disclosure and Comparisons Capabilities

1) **About IMC and Capabilities**

30 years experience and involvement in DC plans since their inception.

Started work on today's DC systems five years ago.

Have received hundreds of inputs from recordkeepers, plan sponsors, advisors and consultants, investment managers, trustees, independent auditors, and academics:

- All agree more information is needed.
- To be avoided: overly complicated, uninformative, manipulative by design, and short-sighted mandates.
- As plans and their needs vary, solutions should be flexible.
- Avoid providing information twice, i.e. unconstructive overlap with today's approaches where today's approaches work.
- Regulations should be cognizant of costs and complications and seek to minimize both.
- The best approach provides information on fees and expenses and "what you get (value), for what you pay for".

2) **Participant fees and disclosures are a component of IMC's plan sponsor PPA and ERISA Management Systems**

- IMC will launch its PPA/ERISA Compliance Management System in October, 2007.
- This system is expected to serve over 25,000 plans in 2007, and easily over 100,000 plans in 2008.
- Information systems will organize and calculate for 401(k), 403(b), 401(a), 457, ESOP, non-qualified plans, total retirement outsourcing relations covering pensions, mutual fund, group annuity, unitized separate account, individual annuity, for company stock, commissions paid, mortality and expense, wrap fees, surrender, withdrawal and market value adjustments, who receives what payment and for what services – across all plan sizes.
- The System comprehensively receives complete offering, services and relationship descriptions to resolve conflicts of interest and establish comparative reasonableness standards of compensation for services rendered.
- The System is easily kept up-to-date and plan sponsors can select and customize the type of participant fact sheets/reports that they deem best serve their population.
- Both web and print based participant display can be supported.

3) **Product design to work for all DC plans, investments and services varieties**

Our plan business logic and parameters organizational structure builds apples to apples comparison groups; and as appropriate, can add or subtract material needed to perform good comparisons to reflect what is needed. For example, for a bundled relationship with a \$4,000,000 plan where 35% of similar plans are serviced by relationships using no-load mutual funds, 25% by relationships using higher cost compensation share classes, 20% using group annuity contracts and 20% using annuity products that feature mortality and administration expenses; our System devises a field of comparisons that reflects the variety of choices and expenses in use as context for participants to compare against their expenses.

4) **An organic, intuitive organization design**

Reports are built for participant's ease of navigation. The order in which information is displayed goes from general to specific. Ultimately, it prepares the user to understand and use information requiring a little broader knowledge base.

5) **Information that informs**

IMC's approach to providing information and making it meaningful has at its core, producing accurate, up-to-date plan information, and comparing it on an apples to apples basis to similar plans and other relevant data. Information is displayed wherever possible for at-a-glance comparison.

About IMC and its DC Plans' Participants' Fees and Expenses, Disclosure and Comparisons Capabilities

6) Basics whenever possible, in depth when needed

IMC's participant reports gather data from our Plan Sponsor System. The key to which information goes into the participants' reports, and in what detail, is based on our objective of providing essential information in an informative and useful manner and with consideration of each sponsor's unique needs. In addition with look-up (at plan sponsor option), access flexibility is provided to participants interested in greater depth.

7) Flexible, customizable to plan sponsor needs

Basics (essentials) that IMC believes must be hardwired are present in every participant report. We are pleased to solicit and respond to sponsors and their advisors' input on what other content is to be produced.

8) Easy to understand, relevant and informative, shortcuts to finding what YOU want to see

All information produced applies and is relevant to the participant and is presented in an easy to work with manner. Web based users can skip to the section of most interest and print the items they want in hard copy.

9) Right amount of detail with information broken out, with explanations where needed

Additional lines of broken out information are good for accountants, but frequently overwhelming or intimidating to lay people. IMC's approach is to produce simple explanations that may suffice instead of breakdowns, and to supply web, call and e-mail functionality so that participants can receive additional information as desired. We believe our presented information will meet all the needs of 99% or more of participants.

10) How non-investment fees and expenses are described

A list of items, their purpose and fees/expenses, are listed for non-investments. These are broken out into expenses every participant pays and those paid by activity. For perspective, these plan participant fees and expenses are compared to those paid in similar plans. The comparison list includes loans, hardship withdrawals, QDROs, distributions, participant administration, recordkeeping fees, and others.

11) Current, updated, accurate information and components

Over 95% of all information/data IMC receives will be downloaded, either monthly or quarterly, capturing changes as they occur. The remainder will be updated at a minimum of twice a year. Reports will always state the date of the last update and next update. It is expected that over 90% of reports will be absolutely up-to-date and accurate as reviewed. WE can (if needed) get to near 100% accuracy by constraining access to schedules.

12) Availability and accessibility of information

IMC's system is web based, and for web users is available and accessible at any time. To meet the needs of non-web users or those without web access, we can support mailed print reports, faxes, and phone inquiry and remittance through plan sponsors and/or their recordkeeping partners.

13) Where our product moves from plan to individual participant level information and why

IMC's report is plan level up to the point where a participant may chose to review their personal investment choices' expenses and the provided comparisons. We believe 8 out of 10 or more participants will be satisfied to review all their options relative to other similar plans options' expenses without producing their own personal expense comparison. We've developed a quick way for the participants who want to review their specific portfolio expenses, to compare and do so while keeping the cost of our product to a minimum.

About IMC and its DC Plans' Participants' Fees and Expenses, Disclosure and Comparisons Capabilities

14) Not just fees and expenses – value for what is being paid

Our plan sponsor system also includes products, services, success measures and satisfaction levels assessments against similar plans comparisons. A key mix of these can be resident on the participant disclosure as a frame of reference on what you get for what you pay as a plan sponsor customization option.

15) How continuous improvement is built in

Our product is responsive to:

- Changes in regulations, laws.
- Legal issues.
- Marketplace and customer inputs (feedback loops).
- Data mining insights from our plan sponsor and participant systems.
- Changes in DC products, services, relationships and fees and expenses.
- Changes in participant behavior.
- Developing trends.

16) Commitment to low cost for our product to ALL plan sizes and types

IMC's Plan Sponsor PPA/ERISA Compliance Management System costs small plans less than \$300 per year, and the largest plans in the country from \$5000 to \$10,000 per year. Plan fiduciaries using our system may save sufficient monies on their fiduciary coverage premiums to offset a significant portion or the entire fee. The System fee also covers the cost of provision of ready-to-go print templates and web reports to participants. We account for these (our participant reports), depending on plan size, from \$.50 to \$3.00 per participant per year.

17) Provides important insight into plan investment decisions

IMC's approach provides participants a view on how investment options are selected and removed by your plan compared to other similar plans. Also included is information on any replaced (legacy) choices still held in the plan compared to those on the current menu.

18) Designed to avoid unintended consequences and maintain long-term value

IMC employs a statistical approach to comparing expenses and other data that calls attention to significant differences. As these differences narrow to the point where the spreads are nominal, it shifts the focal point to areas of significant difference. In this way, information that has evolved to become a commodity is neither unproductively parsed nor left in the center of the review to the detriment of failing to focus on what matters more, now.

19) Built-in feedback loops

IMC's focus is on the plan sponsor and their participants. We interface plan sponsors in the following ways:

- Direct relationship
- Through their recordkeepers or via their consultant or advisors.
- Via their professional associations and societies.
- Through referrals from trustees, ERISA attorneys, plan auditors, and accountants.

We are designing a 21st century, web based best practice feedback system and a web community to encourage the communication of ideas, problem identifications and concerns. In fact, we expect to employ a dedicated expert by mid-year 2008 focused entirely on this endeavor.

About IMC and its DC Plans' Participants' Fees and Expenses, Disclosure and Comparisons Capabilities

20) Product introduction 2007 through year end 2008

IMC will have three releases of products over the next 18 months.

- 1.0 Confined to data and standards established through September, 2007. Data from approximately 15,000 plans, all market segments.

- 1.5 Comparison data gathered between September, 2007 through March, 2008 is integrated into our reports. Expected inclusion of data on 50,000 plus plans, all market segments.

- 2.0 Uses only current, live customer data on over 100,000 plans.

Customers will move seamlessly between versions at no extra cost.

Here is a list of what is provided in your report

Each section includes your plan(s) and similar plan(s) comparison information. Those accessing the report on the web can read through the list and review the report in its entirety or skip to the section or sections that are of most immediate interest.

Sections

1. Plan governance
2. Your comparison group profile
3. How plan recordkeeping fees are paid
4. What is participant paid – items and your costs
5. How fees and expenses are kept reasonable
6. Plan benefits and features (included at plan sponsor's option)
7. Basics on how investment choices are selected (included at plan sponsor's option)
8. Basics on how investment choices are replaced (included at plan sponsor's option)
9. Investment program report
10. Individual investment choices expenses scorecard
11. Participant's personal investment expenses (included at plan sponsor's option)
12. Participant services your plan receives that are beyond standard practice (included at plan sponsor's option)

Section 1 – Plan Governance Information

(INTENDED FOR CUSTOMIZED PLAN MESSAGING – SAMPLE PROVIDED)

For additional information regarding our plan(s) go to our website - ABCMFG.com

Questions on governances, policies and procedures are likely to be answered through our posted Investment Policy Statement and summary plan description documents.

To contact a person with question on our plan(s) please email Paul at paul.crowley@ABCMFG.com

Notes for the DOL:

- o In addition to the general plan governance information that can be provided here, plan sponsors have the option to provide additional plan governance information for their pension committee which can be contrast to the similar plans comparison group. Information detail is outlined below.

Pension committee information **(This section included at sponsor’s option)**

Comparison item	Your plan(s)	Similar plans comparison group
Do you have a formal pension committee?	Yes	Yes
How often does it meet?	Quarterly	Quarterly
How many members serve?	5	3 to 7
How many are senior executives?	4 80%	3 to 5 70-100%
Any outside non-employee members?	1	0 to 2
Is the chairmanship permanent or does it rotate?	Rotates	Rotates and permanent in equal number
How long do members serve on the committee?	Long-term	Long-term is typical

Section 2 – Your Comparison Group Profile

Your plan(s) comparison group is comprised of 412 retirement plans with a similar financial profile.

- Comparison information is regularly updated to include the most current data available.
- The comparisons provide an ability to review the fees and expenses plan participants pay and products and services offered in the context of what similar plans pay and offer.
- No two employer and employee populations are exactly alike and products and services, and fees and expenses, are expected to vary.
- It is the responsibility of plan decision makers to consider all relevant information and make decisions for the exclusive purpose of what is in the best interest of plan participants and their beneficiaries.
- Plan decision makers strive to assure that their plans offer the variety of excellent products and services at reasonable fees and expense, to support plan participants and their beneficiaries in the objective of building retirement income security.

Notes for the DOL:

- IMC participant disclosures can be continuously auto-updated to current. If updated on a schedule, the report will identify when the last update occurred and the next expected update.
- Participants in combination plans, where the expenses, services and investments are the same, will be compared to single and combination plans with similar financial characteristics. Plan sponsors have the option to include IMC’s descriptive information on the make up of the comparison group. This information is outlined below.

Your comparison group detail [\(detail included at sponsor’s option\)](#)

Comparison item	Your plan(s)	Similar plans comparison group
Employer	Private sector – manufacturing	Private sector – manufacturing
Plan type	401(k)	401(k) and 401(a)
Size	\$50 million	Between \$45 to \$70 mil
Number of participants	Approximately 1,000	Approximately 1,000
Employee turnover	Under 5%	90% under 5% 10% turnover 5-10%/year
Any unusual change in number of employees in last three years?	No	95% say no
Employee contributions	Standard	Standard
Auto enrollment	No	90% say no
Employer contributions	Yes	Yes
Investment menu	16 mutual funds	Between 15 and 22 mutual funds
Active and passive choices present	Yes	Yes
Length and type of relationship with recordkeeper	5 years, bundled	5-10 years, bundled

Section 3 - How plan recordkeeping fees are paid

The approaches used by your plan and the comparison group to pay for basic recordkeeping and operations services are indicated below:

Comparison item	Your plan(s)	Similar plans comparison group
<p><u>Option 1 - Bundled</u> In these arrangements the recordkeeper receives the majority of compensation for providing these services from revenue sharing credits they receive from your plan’s fund managers. This is the industry’s most prevalent approach.</p>	<p>Your plan uses a traditional bundled arrangement to pay for recordkeeping</p>	<p>391 of 412 (95%) sponsors in our similar plans comparison group have bundled relationships.</p>
<p><u>A note on revenue sharing</u> Revenue sharing is when fund managers pay a portion of the expense they charge to your account to the recordkeeper to offset the costs of recordkeeping. To find out more information on how plans pay for recordkeeping services – visit www.website.com and select this topic.</p>		

Notes for the DOL:

- IMC can show all four of the approaches used to pay for recordkeeping, including: bundled, modified bundled, recordkeeping only (their fees paid directly), and recordkeeping only (no proprietary money managers).
- The plan sponsor system report (source document for the participant disclosure) provides the details for each material (a significant number of observations) method observed in the comparison group. This level of detail is also available, at the sponsor’s option, in the participant disclosure.

Section 4 – What services are participant paid and costs

Comparison item	Your plan(s)	Similar plans comparison group
<u>Fees charged to all participants</u>		
Annual per participant administration fee	No charge	No charge
<u>Fees charged to participant requesting the services</u>		
Loan origination and annual maintenance fees	\$50 origination \$30 maintenance	Range of \$25-75 for origination Range of \$0-50 for maintenance
Hardship withdrawal fees	\$175	Range of \$200-350
QDRO (qualified domestic relations orders fees)	\$600	Range of \$500-750
Distribution fees	\$35	Range of \$25-50

Additional information on participant paid fees is available at www.website.com

Section 5 - How fees and expenses are kept reasonable

Comparison item	Your plan(s)	Similar plans comparison group
In general:		
Re-contracting of non-investment fees and expenses	Yes, every 3-5 years	Yes, range is every 3-7 years
Review investment fees/expenses	Quarterly	65% quarterly 35% annually

Notes for the DOL:

- The following items are picked up in our IMC Plan Sponsor PPA and ERISA Compliance Management System and are available as an option on the participant disclosure.

(detail included at sponsor’s option)

Comparison item	Your plan(s)	Similar plans comparison group
Specifically:		

As our plan’s total dollar assets and average participant balances grow (our plan’s competitive attractiveness), the following approaches are used to improve investments and participant services and to maintain reasonable costs:

The following options have been considered as our plan leverage grows:

○ To fund more targeted individual participant guidance-communications	Yes	60% yes 247 of 412 sponsors
○ To offer more onsite participant workshops	Yes	60% yes 247 of 412 sponsors
○ To offer access to one-on-one financial counseling sessions	Yes	25% yes 103 of 412 sponsors
○ To analyze the possibilities for substituting lower cost investment choices	Yes	80% yes 330 of 412 sponsors
○ To reduce administration fees for participant services	Yes	80% yes 330 of 412 sponsors
○ To contract with our service provider to return revenue amounts unused to our participant accounts	No	7% yes 29 of 412 sponsors

Section 6 – Plan Benefits and Features

Notes for the DOL:

- This is a plan sponsor option section that can disclose and compare use of auto enrollment and deferral programs, multiple loans and other features, eligibility, employer contribution programs, vesting and other ingredients at varying levels of detail.

Comparison item	Your plan(s)	Similar plans comparison group

Section 7 – Basics on how investment choices are selected

Comparison item	Your plan(s)	Similar plans comparison group
Long enough performance track record	Yes	All
Experience, depth, continuity of investment team	Yes	All
Consistency of adhering to stated investment strategy	Yes	All
Capacity to invest new cash flows	Yes	80%
Service standards and reputation of organization	Yes	All
Competitive trading/transaction practices	Yes	80%
Long-term competitiveness of returns	Yes	All
Long-term competitiveness of risk adjusted returns	Yes	All
Consistency of achieving above average returns	Yes	80%
Appropriate investment expense for our plans	Yes	All

Notes for the DOL:

- IMC captures up to 20 selection criteria from sponsors' and their advisors' surveys of policy and or from product description sources. This section, at the plan sponsor's option, can be high definition or basic.

Section 8 – Basics on why and how choices are replaced

For the 401(k) (specific to applicable plan type) market as a whole, over a 5 year period of time, 50% of plans will replace 3 or more investment managers.

It is the responsibility of the plan and its advisors to offer attractive investments and periodically it is prudent to make changes.

The following list of reasons apply to replacing choices:

Comparison item	Your plan(s)	Similar plans comparison group
Investment closes to new contributions	Yes	All
Key investment personnel leave and management team is weakened	Yes	All
Material change in investment strategy from what manager was selected to do	Yes	All
Manager inability to productively handle cash inflows or outflows	Yes	80%
Regulatory or ethical concerns	Yes	All
Deterioration in service standards	Yes	All
Trading costs exceed historic pattern and comparable norms	Yes	80%
Returns are deemed to be below acceptable standards	Yes	All
Investment expense is no longer reasonable for our plan size and profile	Yes	All
The type of choice is no longer one that our plan believes it should offer	Yes	75%

Notes for the DOL:

- o IMC captures 20 replacement criteria from sponsors' and their advisors' surveys of policy, and or from product description sources. This section can be high definition or basic at the plan sponsor's option.
- o Also at the sponsor's option, IMC can provide information on how choices are replaced to include mapping of existing holdings and accepting no new cash flows after proper participant notification, to variations on this, or on a case by case basis. This information can then be contrasted to practices from the similar plans' comparison group.

Section 9 – Investment Program Report

Part 1 - Types of choices offered

Notes for the DOL:

- In this example, all the choices are mutual funds. IMC’s report can illustrate the type of choices and contrast them to the type of choice(s) used and percentages of each for the similar plans comparison group.
- For instance: 60% of similar plans use mutual funds, 20% use commingled investment funds, and 20% use group annuities. We can produce apples to apples and cross comparisons.
- The report will also provide sample descriptive definitions for each type.

Part 2 – Number of choices offered

Comparison item	Your plan(s)	Similar plans comparison group
Number of choices offered	16 choices	15 to 20 choices
	(11 individual choices and 5 target date funds)	(10-15 individual choices and 5-6 risk or target based portfolios)

Part 3 – Checklist for inclusion of primary choices

Comparison item	Your plan(s)	Similar plans comparison group
Stable value, money market, or short-term US bond fund	Yes	Yes
General bond fund	Yes	Yes
Balanced, risk based portfolios, or target date series	Yes – 5	Yes – varies
Large company stock choices	Yes – 3	Yes – 3 on average
Mid size company stock choices	Yes – 2	Yes – 1 to 3
Small company stock choices	Yes – 2	Yes – 1 to 3
International (foreign) stock choices	Yes – 1	Yes – 1 to 2

Part 4 – Offers active and passive choices [\(at the plan sponsor’s option\)](#)

Comparison item	Your plan(s)	Similar plans comparison group
Offers an index 500 choice	Yes	90% yes
Offers additional index choices	No	90% no For those that offer more, bond and foreign index choices are the most common

Section 9 – Investment Program Report

Part 5 – Variety of different investment management firms offered
 (counting proprietary and outside choices) ([at the plan sponsor’s option](#))

Comparison item	Your plan(s)	Similar plans comparison group
Number of proprietary choices on current menu	10 of 16 62% of choices	40% to 80%
Number of outside manager choices	6 of 16 38% of choices	20 to 60%

Notes for the DOL:

- This section is optional at plan sponsor discretion.
 - Where a plan has no proprietary money managers, a comparison can be made to similar plans and break out the mix at the plan sponsor’s option.
 - IMC’s capabilities also allows for the option of showing plan level dollar asset allocation between proprietary and outside choices.
 - We can also do custom comparisons to review proprietary and outside choices matters with more detail for plan sponsors using proprietary default or auto-enrollment glide path choice(s).
-

Part 6 – Default investment selection

Comparison item	Your plan(s)	Similar plans comparison group
Type of default choice used	Target date funds	36% of plans use target date 29% use stable value 20% use balanced funds 15% use risk based portfolios
Has default fund changed in the last 3 years	Yes	50% say yes
For those who changed, previous choice was	A balanced fund	Largest move was from stable value to target date funds

Notes for the DOL:

- IMC is developing both explanatory language for this section and additional optimal detail to produce more depth in describing the QDIA alternatives being used and those just now coming into the market.
 - This section will be completed in September, 2007
-

Section 9 – Investment Program Report

Part 7 – Investment advice (if offered)

Comparison item	Your plan(s)	Similar plans comparison group
Offers participant investment advice?	Yes	72% yes, 28% no
How offered?	Web based	Web based
Is there a charge?	No charge	75% no charge and the other participants are charged \$35-50 per year

Notes for the DOL:

- o This section can be augmented to include as an option:
 - 1) Does the advice consider participants entire financial picture or just the retirement plan?
 - 2) Are recommendations made regarding entire household investment assets?

Part 8 – Self Directed Accounts – SDA and Brokerage (if offered)

Comparison item	Your plan(s)	Similar plans comparison group
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Notes for the DOL:

- o SDA section will include the following information compared to similar plans shown for plans using SDA's only:
 - 1) Any per participant annual administration fee to use the account.
 - 2) Transaction fees to trade stocks via the internet.
 - 3) Transaction fees to trade stocks via the 800# service rep.
 - 4) At plan sponsor option, IMC can include qualitative comparisons on level of integration to core investing, functionality of SDA website, level of integrated reporting across SDA and core, and simplicity/reliability of doing trades by web and service rep.

Part 9 – Managed accounts where offered

Comparison item	Your plan(s)	Similar plans comparison group
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Notes for the DOL:

- o IMC can produce the following comparisons:
 - 1) Is there a minimum fee and the amount
 - 2) Managed account fees per year on accounts of different sizes (\$10,000, \$25,000, \$50,000, \$100,000, \$250,000)
 - 3) At plan sponsor's option, IMC can include more detailed information

Section 9 – Investment Program Report

Part 10 – Company stock section where offered

Comparison item	Your plan(s)	Similar plans comparison group
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Notes for the DOL:

- IMC has extensive information in our plan sponsor/PPA ERISA compliance system on company stock administration, investing, fiduciary management, fees and expenses.
- We expect participant disclosures to be custom designed for every plan sponsor using our product.
- The following are capabilities we can disclose and compare:
 - 1) Percentage of assets in company stock
 - 2) Thin or widely traded or closely held
 - 3) Accepting new contributions or frozen
 - 4) Employer contributions made in company stock (yes/no) and any restrictions on sale
 - 5) Are independent research opinions reports provided
 - 6) Does the plan offer a so called “Sell More Tomorrow” auto diversification program to participants
 - 7) Is there a maximum % recommended for participants to hold in company stock
 - 8) How are all fees and expenses for the company stock fund paid, which are paid by the company or bundled into the recordkeepers offering at no charge, which are paid for out of plan funds, and the amount for each, and which are paid for by participants, and the amounts for each

Part 11 – Replaced (legacy) choices participants still hold report (if applicable)

Comparison item	Your plan(s)	Similar plans comparison group
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Notes for the DOL:

- This section is included at the plan sponsors option
 - The purpose of providing this focus is to cause participants holding these choices to purposefully re-commit to them or to move on to those choices currently sponsored.
 - Comparison information will show number of choices and percentage of assets in legacy choices for the similar plans comparison.
 - This section also supports the efforts of plan sponsors who would like to revisit mapping these legacy choices with their participants.
-

IMC DC Plan Participants Fees and Expenses Disclosures and Comparisons Sample
Language on this page is included to provide additional explanation to the DOL and will NOT be included as part of IMC’s participant disclosure reports

Notes for the DOL

Plan Investments Summary (individual choices and aggregate plan menu expenses)

Description	<p>The report provides participants an investment expense summary of all choices available in their plan relative to:</p> <ul style="list-style-type: none"> 1) A median investment expense of IMC’s broad APPLICABLE no load and load retail comparison group 2) The median investment expense of the sponsor’s similar plans comparison group <p>Supplemental information provided includes: type of investments offered (mutual fund, collective trust, group annuity, individual annuity, or unitized separate account), investment management approach used (active or passive and asset class), and each choice’s role/status in the investment program (a current choice or a replaced (legacy) choice). We also indicate which investment is the default choice. IMC can also (sponsor option) show funds status as proprietary or non-proprietary and provide explanation.</p>
Comparison Groups	<p>The <u>broad comparison group</u> expense median is representative of choices available to individual investors. This comparison group considers a wide range of investments that are readily available in the marketplace through both advisor and direct access.</p> <p>The <u>similar plans comparison group</u> reflects those investment offerings present in plans having similar characteristics to the plan in question. The median expense of the comparable choices is shown. In those market segments where a number of investment program approaches are prevalent (for example, mutual fund, individual annuities, and group annuities), the comparison group will consider all choices available.</p>
Detail	<p>Investment expense factors considered and reported include investment management expense, 12b-1 fees, and wrap fees (program, fund, or fund of funds levels). Mortality and administration charges, commissions, and consideration of surrender/withdrawal or market value adjustments are separately identified. An aggregated, all-in expense by choice, is captured through comparison groups as appropriate. This process allows for the inclusion and consideration of all types of investment programs, and also supports full disclosure.</p> <p>As applicable, additional columns and cost measures can be added to the report to address sponsor needs and preferences for additional specificity (for example, a variable annuity only comparison).</p> <p>Comparison groups are responsive to the investment strategy – comparing active manager costs with other active managers, and passive managers’ costs with other index funds.</p>
Flexibility	<p>This report can be customized to specific plan sponsor preference as follows:</p> <ul style="list-style-type: none"> a) The order of plan choices listed (it can be largest to smallest dollar amounts, graduated risk, or investment tier) b) Inclusion of an additional/supplemental comparison group for a more targeted comparison c) The inclusion or exclusion of plan equal weighted and/or plan asset allocation weighted expense calculations and comparisons

Section 10 - Your Plan's Investment Choices

Key

Proprietary – Investment manager is partially or wholly owned by recordkeeper
Outside – investment manager is independent of your plan's recordkeeper
Default choice - investment used when a participant does not make an election
Current choice - available for new investments in the plan
Replaced (legacy) choice - no longer sponsored on the menu, but holds participant assets
Similar plans comparison - the median cost for investments of this type in plans like yours
Broad comparison - a median applicable retail cost for investments of this type

Target retirement date funds

Choice	Category/status	Your choice expense	Similar Plans Comparison	Broad Comparison
Proprietary Target Retire -Income <i>Type - mutual fund</i> <i>Management – active and index</i>	Target date <i>Current default choice</i>	0.70%	0.75%	0.90%
Proprietary Target Retire - 2010 <i>Type - mutual fund</i> <i>Management – active and index</i>	Target date <i>Current default choice</i>	0.75%	0.80%	0.94%
Proprietary Target Retire - 2020 <i>Type - mutual fund</i> <i>Management – active and index</i>	Target date <i>Current default choice</i>	0.75%	0.80%	0.98%
Proprietary Target Retire – 2030 <i>Type - mutual fund</i> <i>Management – active and index</i>	Target date <i>Current default choice</i>	0.80%	0.85%	1.00%
Proprietary Target Retire – 2040 <i>Type - mutual fund</i> <i>Management – active and index</i>	Target date <i>Current Default choice</i>	0.80%	0.85%	1.05%

Core menu choices

Choice	Category/status	Your choice expense	Similar Plans Comparison	Broad Comparison
Proprietary Money Market Fund <i>Type - mutual fund</i> <i>Management – active</i>	Money market <i>Current choice</i>	0.45%	0.45%	0.52%
Outside Total Return Bond Fund <i>Type - mutual fund</i> <i>Management – active</i>	Intermediate-bond <i>Current choice</i>	0.68%	0.70%	0.84%
Outside Mgr Balanced Fund <i>Type - mutual fund</i> <i>Management – active</i>	Balanced fund <i>Current choice</i>	0.82%	0.84%	1.05%
Proprietary Large Value Fund <i>Type - mutual fund</i> <i>Management – active</i>	Large stocks – value <i>Current choice</i>	0.75%	0.85%	1.10%

Section 10 - Your Plan's Investment Choices

Key

Proprietary – Investment manager is partially or wholly owned by recordkeeper
Outside – investment manager is independent of your plan's recordkeeper
Default choice - investment used when a participant does not make an election
Current choice - available for new investments in the plan
Replaced (legacy) choice - no longer sponsored on the menu, but holds participant assets
Similar plans comparison - the median cost for investments of this type in plans like yours
Broad comparison - a median applicable retail cost for investments of this type

Core menu choices - continued

Choice	Category/status	Your choice expense	Similar Plans Comparison	Broad Comparison
Proprietary S&P 500 Index Fund <i>Type - mutual fund</i> <i>Management – indexed</i>	Index S&P 500 <i>Current choice</i>	0.15%	0.18%	0.25%
Outside Large Growth Fund <i>Type - mutual fund</i> <i>Management – active</i>	Large stocks – growth <i>Current choice</i>	1.10%	1.05%	1.15%
Outside Mgr Mid Value Fund <i>Type - mutual fund</i> <i>Management – active</i>	Mid stocks – value <i>Current choice</i>	1.10%	1.15%	1.25%
Outside Mgr Mid Growth Fund <i>Type - mutual fund</i> <i>Management – active</i>	Mid stocks – growth <i>Current choice</i>	1.15%	1.20%	1.30%
Proprietary Small Value Fund <i>Type - mutual fund</i> <i>Management – active</i>	Small stocks – value <i>Current choice</i>	1.30%	1.20%	1.35%
Outside Small Growth Fund <i>Type - mutual fund</i> <i>Management – active</i>	Small stocks – growth <i>Current choice</i>	1.22%	1.20%	1.35%
Proprietary International Stock <i>Type - mutual fund</i> <i>Management – active</i>	Foreign stocks <i>Current choice</i>	1.10%	1.25%	1.31%

Replaced (legacy) choices

Choice	Category/status	Replaced choice expense	Similar Plans Comparison	Broad Comparison
Proprietary Balanced Fund <i>Type - mutual fund</i> <i>Management – active</i>	Balanced fund <i>Replaced (legacy) choice</i>	1.28%	0.84%	1.05%
Outside Mgr Large Value Fund <i>Type - mutual fund</i> <i>Management – active</i>	Large stocks - value <i>Replaced (legacy) choice</i>	0.95%	0.85%	1.10%
Proprietary International Stock <i>Type - mutual fund</i> <i>Management – active</i>	Foreign stocks <i>Replaced (legacy) choice</i>	1.49%	1.25%	1.31%

IMC DC Plan Participants Fees and Expenses Disclosures and Comparisons Sample
Combined Expense Comparisons for Your Plan (at the plan sponsor's option)

Key

Plan weighted expenses – Total expense based on your plan's current asset allocations
Equal weighted expenses – Total expense based on an equal percentage investment in each choice
Similar plans comparison – the median cost for your plan's investment mix compared to similar plans to yours
Broad comparison - the broad comparison median applicable retail cost for your plan's specific investment mix
Replaced (legacy) choice - no longer sponsored on the menu, but holds participant assets

What is it?	Considers:	Your plan's expense	Similar Plans Comparison	Broad Comparison
Plan weighted expense	All CURRENT choices	0.77%	0.81%	0.95%
Equal weighted expense	All CURRENT choices	0.85%	0.88%	1.02%
Plan weighted expense	Including replaced/ legacy choices	0.80%	0.82%	0.96%
Equal weighted expense	Including replaced/ legacy choices	0.91%	0.90%	1.04%

IMC DC Plan Participants Fees and Expenses Disclosures and Comparisons Sample
Language on this page is included to provide additional explanation to the DOL and will NOT be included as part of IMC's participant disclosure reports

Notes for the DOL

Participant's personal investment expenses

Description	<p>An expense summary for each participant's investment account is illustrated.</p> <p>The participant's account expense is compared versus a like portfolio built using the median expense of a <u>broad comparison group</u> and <u>the similar plans comparison group</u>.</p> <p>As applicable, consideration is given to per participant administration fees paid and any excess revenue returned to participant accounts when arriving at total participant account expense illustrations.</p>
Accessibility	<p>Total expense information for each participant account can be made available through a web based look-up.</p> <p>Using a pre-populated list of their available plan choices and a calculator function we provide, participants are able to select their fund investments and fill in current (or potential scenario) dollar balances to generate their personal total expense. All results are printable.</p>
Flexibility	<p>This participant account level functionality can be included or excluded at the plan sponsor's option.</p>

Section 11 – Participant’s personal investment expenses

Key

Your account’s expense – the total annual expense for your investment mix
Broad comparison - the median weighted cost for an investment mix like yours
Similar plans comparison - the median weighted cost for your investment mix for plans similar to yours

What is it?	Considers:	Your account’s expense	Similar Plans Comparison	Broad Comparison
Your Account	All investments held	0.82%	0.84%	1.00%

The investments that make up your account – current value \$50,000

Investment	Your current allocation		Your choice expense	Similar Plans Comparison	Broad Comparison
	%	Dollars			
Provider Target Retire – 2030 <i>(current choice)</i>	35%	\$17,500	0.80%	0.85%	1.00%
Outside Total Return Bond Fund <i>(current choice)</i>	10%	\$5,000	0.68%	0.70%	0.84%
Provider Large Value Fund <i>(current choice)</i>	20%	\$10,000	0.75%	0.85%	1.10%
Provider S&P 500 Index Fund <i>(current choice)</i>	10%	\$5,000	0.15%	0.18%	0.25%
Provider Small Value Fund <i>(current choice)</i>	10%	\$5,000	1.30%	1.20%	1.35%
Provider International Stock <i>(current choice)</i>	10%	\$5,000	1.10%	1.25%	1.31%
Provider Balanced Fund <i>(Replaced (legacy) choice)</i>	5%	\$2,500	1.28%	0.84%	1.05%
Total Portfolio	100%	\$50,000			

Section 12 – Participant services your plan receives that are beyond industry standard practice

Notes for the DOL:

- This section is offered as a plan sponsor option.
- It is a derivative of the value for cost analysis performed for plan sponsors using our system. The list includes considerations such as:

Participant behavior success standards:

- 1) More and customized workshops to participant needs.
- 2) More and more in depth one-on-one counseling meetings.
- 3) Achievement of higher comparative levels of participation and deferral levels.
- 4) More participants being diversified (and investing in a coherent strategy).
- 5) Establishing and achieving high marks regarding participants setting financial/investing goals.
- 6) More participants (where applicable) taking advantage of the company match.
- 7) Higher comparative levels of participant progress toward meeting wage replacement standards.
- 8) Fewer comparative participants cashing out their retirement account after separation from service.

Plan sponsor opinion based feedback success standards:

- 1) Higher levels of timely responsiveness. Reliability. Problems kept to a minimum, but when they arise, are resolved promptly and satisfactorily with good explanation.
- 2) People, operations, phone, website, VRS and print materials are all of the highest caliber.
- 3) We are informed of industry trends, best practices and innovations and are assisted by our service providers to consider cost and benefit and timing matters relating to implementation.