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November 3, 2006

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

ATTN: Default Investment Regulation

Dear Sir or Madam:

The American Federation of State, County and Municipal Employees, AFSCME, AFL-CIO represents more than 1.4 million working Americans, many of whom participate in individually-directed deferred compensation plans. AFSCME strongly supports expanding participation in these plans through the use of automatic enrollment provisions, and, therefore, supports the creation of fiduciary relief (safe harbors) via "qualified default investment alternatives."

As pointed out in the proposed regulations, most plans that have adopted automatic enrollment procedures use default investments designed to preserve capital. Stable value, money market and balanced funds were cited in the regulations as being the most frequently used default investments. Although the proposed regulations clearly state that the use of money market and stable value funds may be prudent *for some participants and beneficiaries*, articles in various pension publications have asserted that these funds are excluded from the safe harbor provisions, strongly implying that their use may not be prudent.

AFSCME believes that the use of stable value, money market and similar funds that protect against capital depreciation should be explicitly included within the definition of qualified default investment alternative.

AFSCME believes that the Department of Labor should be expanding fiduciary relief to include the three investment instruments rather than be limiting fiduciary relief only to the three instruments discussed in the regulation, and that DOL should clarify this position by explicitly including money market, stable value and similar funds within the meaning of fiduciary relief. The required notices to participants of the default investment selection will serve to properly advise participants of the investment election and will provide sufficient opportunity for a plan participant to select alternative investment options based on his/her own preferences and circumstances.

Respectfully Yours,
Ronald T. Mulvihill
Benefits Specialist

RTM: rfs