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November 19, 2014

Office of Regulations and Interpretations
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue, N.W.
Room N-5655
Washington, D.C. 20210

Re: RIN 1210-AB59: Request for Information Regarding Standards for Brokerage
Windows in Participant-Directed Individual Account Plans

Dear Sir/Madam:

On behalf of our members, the Insured Retirement Institute (“IRI”)¹ appreciates the opportunity to provide comments to the U.S. Department of Labor (the “Department”) and the Employee Benefits Security Administration (“EBSA”) in response to the Department’s Request for Information Regarding Standards for Brokerage Windows in Participant-Directed Individual Account Plans (the “RFI”).

IRI and its member companies have long supported efforts to ensure that retirement plan participants are provided meaningful and effective disclosures about the investment options offered by their plans. However, consistent with the feedback you have received or will be receiving from several other stakeholders representing the financial industry, we do not believe any rulemaking or other regulatory action is necessary with respect to brokerage windows in participant-directed retirement plans. Our purpose in submitting this letter is not to duplicate the legal analysis and conclusions set forth in those other stakeholders’ letters, but rather to

¹ The Insured Retirement Institute (IRI) is the leading association for the retirement income industry. IRI proudly leads a national consumer coalition of more than 30 organizations, and is the only association that represents the entire supply chain of insured retirement strategies. IRI members are the major insurers, asset managers, broker-dealers/distributors, and 150,000 financial professionals. As a not-for-profit organization, IRI provides an objective forum for communication and education, and advocates for the sustainable retirement solutions Americans need to help achieve a secure and dignified retirement.

emphasize their analysis and express our agreement with and support for their conclusions. In particular, we believe:

- Plan service providers typically offer brokerage windows to their plan sponsor clients who wish to give participants access to a broader array of investment options than would otherwise be available to them through the plan's menu of designated investment alternatives.
- While we have not conducted a formal study on the actual usage of such brokerage windows, our member companies have indicated that:
 - Relatively few plan sponsors actually include brokerage windows in their plans.
 - Among plans that offer brokerage windows, an extremely small percentage of participants in those plans actually use the brokerage window.
 - The majority of participants who invest through brokerage windows are typically highly compensated senior executives with sizable account balances – who tend to be sophisticated investors for whom additional regulatory protections are not needed.
- Our members note that insurance contracts provide a simple and lower cost alternative way for very small employers to offer a plan. For these employers, the cost of setting up a plan trust and retaining a recordkeeper would otherwise prevent them from offering a plan at all. Brokerage windows are generally used in these cases to facilitate retirement savings for plan participants. These plan solutions may or may not include the services of an investment advisor who works with participants. Such small starter plans, which may begin as 401(k) plans covering a business owner, the spouse and perhaps a few additional employees, often grow into more traditional plans with designated investment options when they are larger.
- Imposing additional regulatory burdens with respect to brokerage windows would likely cause plan sponsors to cease offering them, which could adversely impact plan participants in one of three ways, depending on how each plan sponsor reacts:
 - Some plan sponsors would, as noted in the RFI, replace the brokerage window with a larger and more complex menu of investment options in order to accommodate sophisticated investors who want more choices, which would make it more difficult for average participants to choose appropriate investments.

- Other plan sponsors might instead opt to simply eliminate the brokerage window from their plan, effectively depriving participants of access to a wider variety of investment options
- Small sponsors might cease offering their plans entirely, and would be less likely to initiate new ones.
- We are not aware of any reported abuses or concerns involving brokerage windows that would justify the imposition of additional regulatory burdens, particularly in light of the adverse impacts described above.

In sum, we do not believe a compelling public need exists for any regulatory action with respect to brokerage windows, and therefore, we respectfully request that the Department not pursue any rulemaking or other regulatory activity on this subject.

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Thank you for considering our views on the RFI. Please feel free to contact me at (202) 469-3014 if you have any questions or would like to discuss this matter further.

Sincerely,



Jason Berkowitz
Vice President, Regulatory Affairs and Compliance
Insured Retirement Institute (IRI)

cc: The Honorable Phyllis Borzi, Assistant Secretary, Employee Benefits Security Administration, U.S. Department of Labor

Judy Mares, Deputy Assistant Secretary, Employee Benefits Security Administration, U.S. Department of Labor