
From: Steve Taddie [mailto:staddie@stellarmgt.com]
Sent: Tuesday, June 05, 2007 11:13 AM
To: EBSA, E-ORI - EBSA
Subject: 401k fees: suggestion

Simplicity is the best goal for a fee disclosure rule:

There are 3 major components, subdivided into a few different subcategories in a 401k program

1. Administration
 - a. Recordkeeping of plan sponsor and participant records
 - b. compliance testing
 - c. custody and trustee services
2. Investments
 - a. trading
 - b. investment management
 - c. investment due diligence
3. Education
 - a. online or phone support
 - b. in-person meetings

A bundled provider may have an overhead cost associated with pulling all these pieces together, and those costs could be layered on top of the above breakout or listed separately as an overhead charge, or profit margin.

If the above is adopted as a guideline for cost disclosure, it will make the job of comparing apples to apples much easier for plan sponsors and much easier for plan participants to understand. If you noticed, there is no room for commissions and finders fees that serve no purpose and simply sap money from participants pockets.

This could be made into a complex issue, and if the major investment houses control the discussion, you will be left with complexities that support sales commissions, and other non-essential fees that have to be revised later because it favors investment providers like banks, mutual funds or insurance companies. A 401k program should be easy to follow...I you are looking for people to assist in drafting legislation, I would be happy to assist.

Thanks,
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