



Securities offered through  
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Office of Regulations and Interpretations  
Employee Benefits Security Administration  
Attention: 408(b)(2) Amendments  
Room N-5655  
U. S. Department of Labor  
200 Constitution Avenue, NW  
Washington, D.C. 20210

February 11, 2008

RE: 408(b)(2) Proposed Regulations

Ladies and Gentlemen:

Great-West Retirement Services ("Great-West") provides record keeping and other services to over 3.5 million retirement plan participants in over 21,000 plans and we appreciate this opportunity to comment on the proposed amendment to the regulations under ERISA Section 408(b)(2) ("Proposed Regulation"). Great-West is committed to supporting plan fiduciaries in their efforts to evaluate plan fees and commends the Employee Benefits Security Administration ("EBSA") for its efforts to improve fee transparency.

Great-West agrees with and supports all comments on the Proposed Regulation submitted by the SPARK Institute, Inc. Following is an additional concern and recommendation that Great-West respectfully asks EBSA to consider.

**Defining disclosure and contract requirements of the various parties when a plan is invested a general account product offered by an insurance company ("General Account Product").**

General Account Products are investments whereby an insurance company manages a pool of investments and commits to paying a pre-determined rate of interest to investors. It includes

\*Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company, FAScore, LLC, First Great-West Life & Annuity Insurance Company, White Plains, New York and their subsidiaries and affiliates.

Guaranteed Investment Contracts, or GICs, as well as other general account products. The market risk in General Account Products is born by the insurance company, since it must pay the pre-set interest rate to investors regardless of fund performance for the period. In order to ensure that sufficient assets will be available to pay investors the promised rate, a capital reserve must be maintained by the insurance company. One of the costs incurred in offering a General Account Product is the cost of borrowing assets used to fund the capital reserve.

General Account Products can be offered either as part of a bundle of services (for example, where the insurance company also provides record keeping or other services to a plan), or as a stand alone, non-proprietary investment. Great-West offers General Account Products primarily as part of a bundle, but also provides record keeping services for customers invested in General Account Products offered by non-affiliated entities

General Account Products generally are not subject to the Investor Company Act of 1940 or the Securities Act of 1933. They are regulated by state insurance laws and there is no standard disclosure requirement, similar to a prospectus, required to be provided to investors. General Account Products are generally offered through written agreements with investors which disclose the interest rate or rates to be paid the investor, but which do not disclose compensation paid to the insurance company. Information regarding the earnings rate on investments supporting the General Account Product is publicly available to investors through filings the insurance company is required to provide annually to state insurance regulators.

The compensation received by the insurance company offering a General Account Product is the "spread" between the earnings generated by the pool of managed investments, and the pre-determined interest rate that must be paid to investors. This spread covers the cost of operating, managing and investing the fund, including record keeping expenses, as well as profit or earnings for the insurance company. The spread also covers the costs associated with the capital requirements for the guaranteed elements of this product

There is no standardized regulatory disclosure requirement for General Account Products. Great-West believes that plan fiduciaries should be provided with meaningful information regarding General Account Product fees that is provided in a standardized format.

Recommendation: Compensation or fees associated with any General Account Product is required to be disclosed under the Proposed Regulation. The standard method for defining what is "compensation" that must be disclosed in a General Account Product should be as follows:

*Compensation received in connection with any General Account Product shall be defined as net margin after the cost of capital and other expenses.*

This definition would exclude from the "spread" items such as costs associated with capital requirements, as well as expenses associated with the fund, and would include profit earned by the insurance company. Costs associated with capital requirements are proprietary in nature as they relate to borrowing agreements between the fund and the insurance company offering the General Account Product and therefore disclosure to plan fiduciaries is not appropriate. Further, the capital reserve itself is not a "plan asset" under DOL Reg. §2510.3-101((a)(2) and (h)(1)(iii). Providing plan fiduciaries with information on net margin allows

them to see and compare the two most meaningful pieces of information in evaluating General Account Products – the interest rate they will receive (which is provided in the written agreement) and the profit earned by insurance company.

Where a General Account Product is offered as part of a bundle of services, a separate contract between the plan fiduciary and the insurance company would not be required and the determination of whether this compensation would require separate disclosure would be governed by Section 2559.408b-2(c)(iii)(A)(3) of the Proposed Regulation. Where a General Account Product is not included as part of a bundle of services, the plan fiduciary would contract directly with, and receive disclosure of compensation from, the insurance company offering the General Account Product.

Great-West appreciates the opportunity to provide these comments to EBSA. We would also appreciate the opportunity to provide additional comments to EBSA in the event new issues are identified as we continue to absorb the implications of the Proposed Regulation to our business and our customers.

If you have any questions or would like additional information regarding this submission, please do not hesitate to contact me. Great-West would welcome the opportunity to discuss the views contained in this comment letter with EBSA.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'C. Nelson', written in a cursive style.

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