

**From:** David Beck [mailto:dbeck@pasiusa.com]  
**Sent:** Wednesday, August 20, 2014 4:56 PM  
**To:** EBSA, E-ORI - EBSA  
**Subject:** RIN 1210-AB59 (Brokerage Windows RFI)

To Whom it May Concern:

In reading the recently published RFI referenced above, I did not see any mention of the dilemma that would face the small start-up plans (10 or 15 participants) seeking a place to invest plan assets in a cost-effective manner if the ability to utilize a “brokerage account” were eliminated or substantially complicated by the need for significant additional disclosures.

As an example, Fidelity offers a program for small businesses where brokerage accounts can be opened for each participant, and participants can then invest in a variety of mutual funds *with no additional expenses* (they refer to it as their “Non-Prototype” platform). If the burden of offering these types of brokerage arrangements to the small plan market-place were significantly increased, it would put enormous pressure on the small employer to find another viable approach in the market-place. I am afraid that most of these sponsors would be forced to choose from the following list of less desirable options:

1. Expose their participants to “high expenses” on a record-keeping platform (expenses approaching/exceeding 2% are not uncommon);
2. Invest all plan assets in a trustee-directed investment pool (most employers would prefer to allow the employees to participate in the investment decision process so that their individual needs can be addressed);
3. Establish a SIMPLE-IRA, which would limit plan design flexibility and often would impose limits on employer and employee contributions that are below what an employer would otherwise seek to provide.
4. Not establish a plan at all.

Of even greater concern, significant new restrictions on brokerage windows might force Fidelity and other similar providers to discontinue providing this very valuable service. You might consider carving out an exemption for those ultra-small plans where these arrangements do far more *good* than *harm* by any reasonable measure.

Sincerely,

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