

November 1, 2021

Dear Ladies and Gentlemen:

For the past twenty-two years I have audited benefit plans and have seen many situations where a participant's interests were maintained because of the audit process.

Writers of other comment letters have written about their objection to the proposed change in audit requirements and have raised valid points. My vantage point and letter are written on behalf of people that I know, who are not aware that if this proposal is approved, they will lose the protection they currently have through a plan audit.

Consider the following real people.

Activities director of a family-owned nursing home, 58, female. Grandmother to twelve.

Social worker at a community service agency, caring for developmentally disabled adults. 35 years old, mother of two.

Machine operator at a healthcare laundry, 48-year-old male. Father to his children. Ensures linens for hospitals meet CDC requirements.

Customer service representative for a chemical company, 59-year-old male.

Warehouse logistics specialist. 28-year-old male. First generation high school graduate.

These real people are representative of the types of employees who would be impacted by the proposal to eliminate the audit requirement for many smaller plans. Each of these people perform honorable work in industries with lower-than-average wages, carrying out functions that are vital to our economy, and indeed, to our society. Yet, in this comment period, who is representing their voices? Have they been asked for input about whether they wish their retirement plan to continue to be audited?

Some business owners have written to support eliminating the audit requirements and reducing their costs. Some have even suggested that the accountants who are opposed to this rule are acting out of self interest. Are the business owners not themselves acting in their own self-interest to reduce costs and administrative burden? In the midst of these differing viewpoints, which position

actually protects the participants in the plans which may no longer be audited? Has the DOL asked those who are most impacted?

Small companies are not experts in managing benefit plans, understandably. A ‘small company’, of course, is a relative term, and cannot be defined using a strict definition of numbers. Within ‘small companies’ there is a wide variation in the skills and experience of those who administer benefit plans, as well as in the number of employees. In general, the larger the company the more likely they are to employ HR specialists and even benefit plan specialists, which reduces the likelihood of compliance or operational errors that would impact participants.

Smaller plans with less specialized administrators are more subject to errors. While there are exceptions, some smaller companies may be controlled by an ownership group of family or private investors, with no independent governance and sometimes no retirement plan committee to oversee the plans. Employees gain valuable protection from the accountability that an independent audit provides. Elimination of the audit requirement would leave employees with no outsider looking at ‘their plan’, their money, their future retirement security.

Abolishing the audit on the smallest of these plans, who are currently audited, will result in savings for the owners of the businesses. How does it impact the participants? To reduce the likelihood of needing an audit, will some employers with over 100 eligible participants begin to discourage enrollment? Perhaps this would not be overt, but could include not encouraging enrollment, not having educational meetings at work, or even eliminating automatic enrollment features designed to bolster enrollment. An unintended consequence of the increase in participants needed to trigger an audit, could be reduced enrollment at companies that wish to avoid the expense and effort needed for an audit. This is a barrier to retirement security, rather than an enhancement as the acronym SECURES Act suggests.

I respectfully request the Department of Labor to consider this from the employee perspective. Is more time needed to consider the plight of those affected? Will the DOL send out notices to participants whose audits would be discontinued to ask for their viewpoint? How does this proposal, if enacted, support the fulfillment of EBSA’s mission “to ensure the security of the retirement, health, and other workplace-related benefits of America’s workers and their families?”

Thank you for your consideration of these comments.

Respectfully,

Alice Evans, CPA, CGMA