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Sent: Monday, July 19, 2010 4:48 PM
To: EBSA, E-ORI - EBSA
Cc: chris@4bcap.com
Subject: Attention: 408(b)(2) Interim Final Rule.

DOL should stick to its guns, and not allow any Insurance Company exemptions in 401(k)'s

I want to lend my strong support to the DOL proposed rules that will help put billions back in participants pockets for retirement by making plans go to higher quality lower fee investments, while giving them more higher quality independent advice. I want to encourage the DOL to resist the pressure to exempt insurance company stable value products from these new proposed rules. (These are the 80's contracts called IPG's not the Synthetic GIC's issued by both banks and insurance companies which are low fee and transparent.) Most Insurance Company Stable Value products are both high risk and high fee, and there are many low risk, low fee stable value alternatives available to plans of all sizes (ex Vanguard,T.Rowe pooled funds).

Insurance company general account and separate account Stable value products have in my opinion hidden fees as much as 150- 250 basis points that are not disclosed. They are technically not fees but spread made on the balance sheets of these companies. Some use these fees or profits to offset recordkeeping fees, giving them an unfair advantage over record keepers with full disclosure.

You would think after AIG that putting participants into stable value products that take on full balance sheet risk of AIG and similar companies would not be allowed. This single entity credit risk like the single entity risk of company stock should be discouraged not encouraged. The WSJ in the past few months commented on the high single entity credit risk of these general account "roach motel" 80's versions of stable value. i[i]

Insurance companies will fight because they are making high profits on excessive fees. They will argue state regulation, where they typically go to the state with the weakest regulation, that has nothing to do with the state that the plan operates in. They will also argue that getting out of these IPG product contracts will burden them. What they will not tell you is that they can convert

this stable value product to a synthetic lower fee transparent product if they wanted to, but at a lower profit to them.

The DOL must resist any overtures from the insurance industry to exempt or grandfather these high risk, high fee products. If these single entity credit risk products are exempted in any way the DOL is implicitly backing "Too big to fail" status on insurance companies and adding risk and fees to the system.

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Chris Tobe, CFA, CAIA has over 23 years experience working as a consultant, money manager and regulator and is currently a Senior Investment Consultant with BCAP in Louisville KY. He has been quoted on 401k Investments in the Wall Street Journal, Barron's and Market Watch. He has testified on target date funds to the SEC-DOL joint hearing and submitted written testimony to the DOL ERISA Advisory Council's hearing on Stable Value in July 2009. He is a Trustee for the Kentucky Retirement Systems and until recently a Sr. Consultant for NEPC. For nearly 7 years he served as a director for the Pension & Savings Group of AEGON Institutional Markets and in 2006 wrote the response to the DOL on target date funds in the QDIA. In the late 90's he served as an investment regulator for the Kentucky State Auditor. He has published over 30 investment articles and has spoken at a number of conferences including CIEBA,IFEBP, SVIA, NAST, & NAGDCA.

- i[i] **Stable-Value Funds Look Shakier - WSJ.com** **http://online.wsj.com/article/SB10001424052748703572504575214723494032604.html?mod=WSJ_PersonalFinance_PF2**