
From: Medrick Yhap [mailto:Medrick@calyxsoftware.com]

Sent: Wednesday, October 18, 2006 11:57 AM

To: EBSA, E-ORI - EBSA

Subject: EBSA Proposed Rule Default Investment Alternatives Under Participant Directed Individual Account Plans [09/27/2006]

Gentlemen,

As an employee this rule benefits only the companies who offer these so called funds reduce the benefit available that the 401k, if any to the participants. If this rule is implemented the only benefit for participants will be the small tax benefit that is available. This rule eliminates all responsibilities from the participating companies and the responsibility on the employee participant as always. If the funds selected does not produce the intended returns its our fault. If there is not enough to retire its our fault because we did not save enough.

As it stands now, my wife and I have been participating in our companies respective 401k accounts for a several years and our combined returns are a miserable 7.00% to 8.00% over the time we have participated. Of Course I believe that you will say that we either chose our funds too conservatively or too aggressively given your point of view. However, our point of view is that the funds available for us to choose from are not performing. There are relevant viewpoints on this, recent headlines indicates that several funds which will not be named here are simply too big and may not be able to be managed efficiently. What will happen if every company that offers the 401k places more money into these funds or funds that are already too big then it will worsen the situation don't you think. At the time when the stock market hit a historical high our funds lost money. At the time the market is over 10% YTD our accounts made a wonderful 3.65% on average, of course I am being facetious. At this point my savings, treasury and CD accounts are out performing most of these funds earning 4.05%. Naturally, many funds are reporting salient gains including the ones we chose yet I see minuses in front of the numbers that are presented to me on the account activity. Of course again you may say its our fault for investing too conservatively or too aggressively given your point of view.

The basis of this rule is to increase participation because we don't save that much for retirement or save at all for that matter. In many cases, this is not true as a matter of fact I will say that this is really not true at all. If this is true then where did all of the money come from to bloat these funds that are now too big to be productive? We were excited to finally afford to invest in our future and we place well over 12% of our annual salary into these funds. Well ladies and gentlemen guess what it "aint" working out. As a matter of fact, my savings accounts are earning more at this point. So if what I say is true that we are earning more than the so called pros, the logical choice is to go out on our own because no one is responsible for earning money for us but us. Now the choice is between whether the tax benefits from participating in the 401K out weighs paying taxes on investments that we choose on our own. Given the current situation I can continue to participate in the 401k and retire a homeless couple or choose the other alternative and still retire a homeless couple. I wrote the following passage to my 401k account holder, "And please answer the next question Why Do I need Y'all? At this rate if I depend on your performance I will be a happily retired homeless person. Hey maybe I can get a bunk in Gitmo, or get deported back to the old country now that's a thought. Oh yeah with your returns I wont be able to afford to pay the navy or the FBI to transport me there"! Well at least my wife and I still have each other because we either invested too aggressively or too conservatively depending on your choice.

Currently these funds have so much fees that its impossible to make any gains, you have fees to move between funds, you have fees to do this and/or that, and of course you have fees for investment advice from a so-called professional who have just about the same control of these

funds performances as I do. This rule reeks and will place us in a position such that every red cent in our accounts can be stolen from us by an enterprising group of individuals. Which of course doesn't happen in the financial world and again I'd like to think I'm being facetious here. However, with no liability being assigned to any one involved in handling our hard earned money then I cant believe that you cannot see the issues that will arise, absolute power and no consequence???????

No where did I see that if funds or fund managers do not perform at a minimum level will there be any consequences, no where does it say if there will be any criminal or legal sanctions will be taken against any company or fund manager should the participants be ripped off. No where does it say that it is mandatory that to stay in compliance to any rule or law that the funds, fund managers, fund companies will not be allowed to compete for our 401k dollars should they not perform. All I see is that these people will still live in their oversized mansions, living the good live and me and my wife homeless. I hope these thoughts are taken seriously.

Sincerely,

Medrick Yhap