Mr. Charles Nelson  
President  
Great-West Retirement Services®  
8515 East Orchard Road  
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September 8, 2008  
Office of Regulations and Interpretations  
Employee Benefits Security Administration  
Attention: Participant Fee Disclosure Project  
Room N-5655  
U.S. Department of Labor  
200 Constitution Avenue, NW  
Washington, D.C. 20210  

Re: Participant Fee Disclosure Project  

Ladies and Gentlemen:  

Thank you for the opportunity to comment on the Department of Labor’s proposed regulation on disclosure of plan fees to plan participants and beneficiaries ("Proposed Regulation"). Great-West Retirement Services ("Great-West") provides record keeping and other services to over 3.5 million participants in over 21,000 plans. A large number of those 21,000 plans are sponsored by small employers who place significant reliance on Great-West to achieve compliance with new regulations and to develop forms and disclosures consistent with all ERISA requirements.  

Great-West is supportive of many of the components of the Proposed Regulation and in particular supports the extent to which the Proposed Regulation promotes utilization of electronically available information. Great-West also compliments EBSA for its efforts in requiring disclosure to plan participants of fee information that is relevant to their decision making, without overburdening them with data that is difficult to understand and expensive to provide.  

Great-West agrees with the issues and recommendations raised in the comment letter submitted by the SPARK Institute, and in addition has the following concerns:
1. The costs identified in the Regulatory Impact Analysis do not take into account the compliance costs for record keepers, which are ultimately borne by plans and participants.

Great-West has concerns with many of the cost assumptions contained in the Regulatory Impact Analysis section of the Proposed Regulation. Our general concern is that the analysis does not take into account any record keeper costs for understanding and training employees about the new rules; for identifying and implementing the changes to systems, processes and forms that will need to be made; for collecting and formatting the data that must be assembled; or for educating customers. There are also ongoing record keeping costs that are not taken into account. For example, Great-West pays approximately $25,000 annually to a vendor in order to receive benchmark data on funds included in customer plans. While this information may be available free of charge in prospectus documents, the cost to retrieve and report it for each of the over 3,000 funds Great-West customers can invest in makes that an impractical option.

2. Plans that utilize a balance forward record keeping system will need more time and greater flexibility to comply.

Great-West provides record keeping services to approximately 230 plans that allow participants to direct investment of their account and utilize a balance forward, rather than a daily, record keeping system. These plans face unique challenges in satisfying the terms of the Proposed Regulation.

One feature common in balance forward plans is that the record keeping system is created and maintained by a third-party vendor. This reality limits the ability of the record keeper to control either the content or the timing of changes that must be made to comply with the Proposed Regulation. Until such time as the system vendor defines, communicates and implements how and when it intends to comply, the record keeper cannot commit to its own communication and implementation efforts.

Another concern with balance forward plans is that there may not be participant website functionality where information can be made available electronically to participants via the Internet. Additionally, since there is no centralized electronic communication mechanism for these record keepers, more of the cost and burden of complying with the disclosure rules will fall on plan sponsors and will involve more manual collection and dissemination of data.

For all of the aforementioned reasons, Great-West supports the position taken in the SPARK Institute’s comment letter that contact information for a plan representative responsible for providing supplemental investment information can be used in place of a website. In addition, while Great-West supports SPARK’s position that the effective date for plans on a daily-valued platform with participant website functionality should be the later of plan years starting on or after January 1, 2010 or one year after final regulations are published, Great-West recommends an effective date for plans utilizing a balance...
forward platform of no sooner than two (2) years from the date final regulations are issued.

3. Individual expenses and services that are disclosed to participants during a calendar quarter should not be required to be redisclosed in the quarterly statement.

For fees charged at the individual account level, section 404a-5(c)(3)(ii) of the Proposed Regulation requires plan fiduciaries to disclose the dollar amount actually charged and the services received by each participant in the preceding quarter. It is a common practice for participants to receive disclosure of fees and services for individual transactions such as loans, hardship withdrawals, etc. in advance of the transaction. This methodology provides participants with information at a time that is most relevant to their decision making. Requiring plan fiduciaries who have already disclosed fee and service information to redisclose it in the quarterly statement will add substantial infrastructure development cost without providing any additional benefit to plan participants. We request, therefore, that the disclosure requirements contained in Section 404a-5(c)(3)(ii) be limited to situations where fee and service information regarding individual transactions in a participant’s account has not previously been provided to the participant during the preceding quarter.

4. Opportunity to submit supplemental information.

Great-West has additional concerns, particularly with respect to the electronic disclosure requirements, for which it has not had sufficient time to conduct research prior to the September 8th filing deadline. We respectfully request an opportunity to submit a supplemental letter supporting more flexible standards for electronic delivery.

Thank you for your consideration of these comments. If you have any questions or would like additional information in support of these comments, please contact me at 303-737-3086.

Yours Truly,

Charles Nelson
President