

**Spurgeon, Melissa - EBSA**

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**From:** jeff seymour [jseymour1@bellsouth.net]  
**Sent:** Monday, June 11, 2007 3:23 PM  
**To:** EBSA, E-ORI - EBSA  
**Subject:** Attention: Fee Disclosure RFI  
**Attachments:** image002.jpg

Hi Folks, (Attention: Fee Disclosure RFI)

There is a lot of room for improvement in disclosure to plan sponsors and plan participants. Here are my suggestions:

- Any commission charged per participant holding, and whether it is front, back or level load
- IMPORTANT: sometimes a front load mutual fund may be recommended for a plan - but the load is waived. The ability to see if commissions were / are waived is helpful.
- 12b-1 fees ! These need to be shown to participants and sponsors.
- Mutual fund or ETF annual fees
- Discount trading/ commission costs
- Advisor fee-based charges shown to sponsors & participants
- The documentation provided to the plan sponsor should clearly stipulate whether the person/company providing the plan shares/ assumes any ERISA liability. If it is not present, the plan sponsors usually assume the person they're working with is going to protect them from ERISA liability. A bad assumption.
- The plan document should provide several examples of how the advisor's fee schedule would look if different (larger) amounts of assets were involved. I was looking over a plan by a large brokerage that had a flat 1% level load commission + a 1% 12b1 fee. Neither of these %'s reduce as the plan grows. This makes an inordinate amount of \$ for the brokerage.
- Every equity mutual fund should show its turnover ratio for the proceeding 12 months. This provides insight into another hidden cost that the participant will bear, and could easily run 40-50 basis points annually.
- Did the TPA charge get buried by the brokerage ? The TPA fee should be broken out separately.
- Force the TPA to properly fill out the Form 5500- or penalize them. Far too many form 5500's do not capture expenses.

Expect the Brokerages to fight every comment I have made above because they'll not be placed in a position that reflects positively. I'll contend that every point I've made is in the best interest of the investing public- and that this is obvious.

Kind regards,

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