Greetings:

On behalf of the American Council of Life Insurers1 ("ACLI"), we are writing to comment on the notice of proposed extension of applicability dates under 29 CFR 2550.408b-2(c) and 29 CFR 2550.404a-5 under the Employee Retirement Income Security Act ("ERISA"), which was published at 76 Fed. Reg. 31544 (June 1, 2011) (the “Proposed Extension”).

As previously announced by the Department in February, the Proposed Extension would extend the effective date of the 408(b)(2) service provider fee disclosure interim final rule ("Interim Final Rule") from July 16, 2011 to January 1, 2012 and would extend the participant fee disclosure rule’s 60-day transition period to 120 days, allowing plans an opportunity to review 408(b)(2) disclosures before preparing and distributing participant fee disclosures. ACLI appreciates the Department’s efforts to accommodate the needs of service providers and plan fiduciaries for additional time to implement these new rules. However, we continue to be concerned that the proposed extensions will not be adequate for

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1 The American Council of Life Insurers represents more than 300 legal reserve life insurer and fraternal benefit society member companies operating in the United States. These member companies represent over 90% of the assets and premiums of the U.S. life insurance and annuity industry. ACLI member companies offer insurance contracts and other investment products and services to qualified retirement plans, including both defined benefit pension and 401(k) arrangements, and to individuals through individual retirement arrangements (IRAs) or on a non-qualified basis. ACLI member companies also are employer sponsors of retirement plans for their own employees.
most service providers and plans due to the absence of final rules under section 408(b)(2). While significant resources and costs have been committed toward implementing the Interim Final Rules, any changes to those rules will require further, and potentially significant, time, effort and costs for successful and complete implementation.

It is difficult to assess the adequacy of the proposed extension of compliance dates or transition rules in the absence of a final regulation. Therefore, ACLI requests that impacted parties have at least 12 months from the date of publication of the final 408(b)(2) rule to comply. Because plan sponsors will, as recognized by the Department, be largely reliant on their service providers to ensure compliance with the participant fee disclosure requirements, ACLI believes that plan sponsors should not be required to comply with those requirements earlier than 120 days following the date on which service providers must satisfy their disclosure obligations under section 408(b)(2).\(^2\)

While we recognize the Department’s interest in ensuring implementation of these important new rules on the earliest possible date, we encourage the Department to consider compliance dates that will enable effective and efficient implementation and avoid unnecessary design, implementation and compliance costs for service providers, plan sponsors and plan participants and beneficiaries.

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On behalf of the ACLI member companies, thank you for consideration of these comments. We welcome the opportunity to discuss these comments and engage in a productive dialogue with the Department on these important issues.

Sincerely yours,

Walter C. Welsh  
Executive Vice President,  
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\(^2\) In further support of an extension of the participant fee disclosure regulation, we note that the Department has not yet published final guidance addressing the disclosure requirements applicable to target date funds, a section specifically reserved in the final regulation. As with the section 408(b)(2) regulation, the absence of this guidance adds further uncertainty to the compliance process and the time within which compliance can actually be achieved.