Regarding the proposed rules on default investment for participant direct plans:

1. Is there a safe harbor to change current default balances as well as future contributions?

2. Regarding the 30 day advanced notice – if a plan allows new employees immediate enrollment and has a bi-weekly pay cycle will they need to amend their plan to ensure compliance?

3. If underlying core funds in the QDIA have mutual fund short-term trading fees will that be considered a penalty or restriction?

4. Would a professionally managed individual account service, which in addition to age considers income replacement and social security, contradict the requirement to base the decisions “solely on the participant’s age, target retirement date or life expectancy”?

5. If a plan auto-enrolls and has a low income population (low balances/likely diminimus distributions) with high turnover (less than one year) would the “the associated risk base of the participant population as a whole” call for a short-term time horizon/low risk? In this scenario will the plan sponsor not be protected if they chose to default to a stable value fund?

Diane Berthel
direct 651-228-0762
866-492-8958
berthel@berthelschutter.com
www.berthelschutter.com

“Nothing splendid has ever been achieved except by those who dared believe that something inside them was superior to circumstance.”
Bruce Barton