January 14, 2011

Submitted electronically via the Federal Rulemaking portal @ www.regulations.gov

Attention: Target Date Amendments
Office of Regulations and Interpretations
Employee Benefits Security Administration
Room N–5655
U.S. Department of Labor
200 Constitution Avenue, NW.
Washington, DC 20210

Dear Sir or Madam,

Subject: Hewitt EnnisKnupp Comments on Target Date Disclosure (RIN 1210-AB38)

Hewitt EnnisKnupp, an Aon Hewitt Company, is pleased to submit the following comments on the proposed target date fund (“TDF”) disclosures as they relate to qualified default investment alternatives (“QDIAs”).

Who We Are
Aon Hewitt is the global leader in human capital consulting and outsourcing solutions. The company partners with organizations to solve their most complex benefits, talent, and related financial challenges, and improve business performance. Aon Hewitt designs, implements, communicates, and administers a wide range of human capital, retirement, investment management, health care, compensation, and talent management strategies. With more than 29,000 professionals in 90 countries, Aon Hewitt makes the world a better place to work for clients and their employees.

Comments on Target Date Disclosure
Hewitt EnnisKnupp is supportive of the Department of Labor’s objective to provide plan participants and beneficiaries using TDFs as a QDIA with sufficient information to make informed decisions. However, we believe it is important to avoid inundating participants and beneficiaries with excessive information, in particular in areas where more confusion can potentially arise.

Cooperation of Disclosures
Given the similarities with disclosure requirements under the participant level fee disclosure rules under section 2550.404a-5(d), we believe that it is important to harmonize the TDF disclosure language across both regulations. Having two separate regulations with relatively similar requirements may be confusing for participants and raise complexity for parties attempting to comply with the disclosures. As such, we strongly suggest establishing one set of rules for TDF disclosure that is common for participants that use the vehicle, whether or not it is a QDIA. Additionally, the fact that QDIA disclosures and required participant-level fee disclosures will be provided to the same group of participants at approximately the same time (initially and annually), may overwhelm or confuse participants. Accordingly, we also suggest that a plan with a QDIA be allowed to provide a single set of disclosures for both QDIA and participant-level fee disclosure, in order to promote uniformity and clarity.
Comprehensive Information About TDFs

Asset Allocation Model

Hewitt EnnisKnupp believes establishing a model for disclosing asset allocation and other key features of TDFs would be beneficial. For example, it is possible to graphically represent asset allocation changes over time in a variety of ways (e.g., percentage of equity in the portfolio, more granular level asset class allocations, portfolio risk characteristics, etc.). Providing a standardized approach for glidepath exhibits may be the most effective way to present easy-to-understand information to participants and beneficiaries. The simplest way of illustrating a glidepath is depicting the equity allocation over the course of the lifecycle, similar to the chart below. For the purposes of these exhibits, most non-traditional asset classes that do not fall under equity or fixed income are allocated as equity (e.g., commodities, real estate).

Changes in Asset Allocation

In addition, we urge the Department to consider the best methodology for explaining the changes to asset allocation over time. The explanation should focus on the fact that not only will the asset allocation become more conservative over time, but also that the asset allocation within the various investment categories may change (i.e., the glidepath may shift). Considering that TDFs are in their relative infancy and glidepaths are continually evolving, it would be beneficial for the notice to disclose that the asset allocation of the Income Fund today, for example, may be different than its asset allocation in the future. Further, the level of detail required of TDF managers that employ tactical asset allocation should be evaluated. It is important to recognize the simplicity of effectively communicating a strategic asset allocation that does not change based on the provider’s near-term views of the market in contrast to the complexity of a tactically managed TDF strategy which continually adjusts its asset allocation on an ongoing basis. Guidelines with respect to the level of detail necessary to explain tactically allocated fund series may minimize participant confusion. We recommend that a disclosure is added for those strategies using tactical allocation that describes the manager’s ability to dynamically change the asset allocation, when tactical allocation is most likely to be employed, and specific tactical bands for each target date fund, both by level of total equity and asset class (if applicable).
**Contribution and Withdrawal Assumptions**

Regarding the need to explain “any assumptions about a participant’s or beneficiary’s contribution and withdrawal intentions on or after such date,” Hewitt EnnisKnupp believes it would be optimal to eliminate such requirement from the disclosure altogether. First and foremost, it is likely that a select few TDF providers do not have set assumptions regarding participant contributions and withdrawals. For those that do, we believe that disclosure of such is not necessary for a participant or beneficiary’s well-rounded understanding of TDFs and their objectives.

**Required Statement on Potential Losses**

The required statement that “a participant or beneficiary may lose money by investing in a qualified default investment alternative, including losses near and following retirement…” may be helpful but seems to otherwise single out TDFs as having the potential to lose money. While we support the need to identify the absence of guarantees regarding investment gains and adequacy of income, it should be clearly stated that this condition applies for virtually all other defined contribution plan investments and QDIAs as well.

**Paperwork Reduction**

Hewitt EnnisKnupp feels strongly that this and other participant-level disclosures should be provided to participants and beneficiaries via electronic means to the greatest extent possible. While electronic distribution will not only significantly reduce costs, we also believe participants are more likely to read communications delivered in an electronic format.

**Closing**

Hewitt EnnisKnupp greatly appreciates the opportunity to present the comments above and we welcome any follow-up questions.

Sincerely,

Hewitt EnnisKnupp

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