

THE FINANCIAL SERVICES ROUNDTABLE

Financing America's Economy



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RICHARD M. WHITING
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January 14, 2011

Via email to e-ORI@dol.gov

Office of Regulations and Interpretations
Employee Benefits Security Administration
Room N-5655
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Re: Target Date Disclosure - RIN 1210-AB38

To Whom It May Concern,

The Financial Services Roundtable (“Roundtable”)¹ submits this letter in response to a request for comment on the proposed regulation, Target Date Disclosure, issued by the Department of Labor (“DOL”) on November 30, 2010.

The Roundtable supports efforts by regulators to ensure that consumers who invest in Target Date funds receive sufficient information to make informed comparisons with regard to different investment options. Fair disclosures are an important component in ensuring that retail investors can fairly evaluate and compare the many different products that now exist in the investment market. In determining the content of any required disclosure, the Roundtable believes that regulators should take care to ensure that any new requirements do not cause inadvertent harm to consumers. “More” disclosure does not necessarily mean “better” disclosure. **Specifically, the Roundtable believes that there is a risk that harm may occur when regulators create disclosure requirements that are confusing to investors, are inconsistent with other regulatory requirements, provide information that is duplicative or unneeded, or that unnecessarily increase the cost of providing services to investors.**

We urge the DOL to coordinate its disclosure requirements with a recent Target Date Fund proposal issued by the Securities and Exchange Commission (“SEC”).² Although the two proposals are

¹ The Financial Services Roundtable represents 100 of the largest integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. Roundtable member companies provide fuel for America's economic engine, accounting directly for \$85.5 trillion in managed assets, \$965 billion in revenue, and 2.3 million jobs.

² 75 Fed. Reg. 35,920 (June 23, 2010).

similar, the current DOL proposal differs in certain areas. The Roundtable believes that investor interests would be best served by not requiring plan sponsors to produce separate sets of disclosures as a result of conflicting sets of regulatory requirements. To that end, we would suggest that the DOL publish its final rules in conjunction with the SEC.

In many instances the SEC Target Date proposal contains slightly more detailed requirements than the DOL proposal which may produce uncertainty among market participants. For example, the SEC proposal requires slightly more detail to be included in a disclosure graphic showing changes in asset allocation over time.³ These differences may cause confusion to plan sponsors who will have to determine whether a document that is compliant with SEC standards also meets the DOL's requirement. The final DOL rule can avoid this confusion, however, by stating that disclosures intended to meet SEC requirement will also meet DOL requirements.

The Roundtable also urges the DOL tailor its requirements to ensure that investors are not overwhelmed by the amount of information and notices that plan sponsors are required to provide. The DOL estimates that the new disclosures required in the proposed rule would add two pages to the QDIA Notice.⁴ This would double the length of QDIA Notice according to estimates published by the DOL in 2007.⁵ The Roundtable strongly believes that plan sponsors already have strong incentives to provide investors with disclosures that address their material concerns. At some point, enhanced disclosures may become confusing and therefore counterproductive to consumers. The Roundtable asks that the DOL undertake a comprehensive review of disclosures that plan sponsors will now be required to provide in order to ensure that any new requirements are not duplicative of existing regulation. The Roundtable also asks the DOL to verify that any new information that is required under the new disclosures be material to the transaction.

The Roundtable thanks the Department of Labor for the opportunity to make its opinions known regarding its Target Date Funds proposal. If it would be helpful to discuss the Roundtable's specific comments or general views on this issue, please contact me at Rich@fsround.org or Brian Tate at Brian@fsround.org.

Sincerely yours,



Richard M. Whiting
Executive Director and General Counsel
Financial Services Roundtable

³ The SEC proposal would specifically require that fund marketing materials include the fund's asset allocation at the inception of the fund, on the target date, and at the landing point. The SEC proposal also provides that specific dates generally must be used to show the asset allocation over time (as opposed to referencing the number of years before a participant's retirement date), and that intervals of no longer than five years may be used for this purpose.

⁴ 75 Fed. Reg. 73,992 (Nov. 30, 2010).

⁵ 72 Fed. Reg. 60,468 (Oct. 24, 2007).