Statement by Tommy Thomasson, President/CEO of DailyAccess Corporation, on behalf of ASPPA and CIKR

Comments Presented to the House Education and Labor Committee United States House of Representatives

Hearing on "H.R. 3185, the 401(k) Fair Disclosure for Retirement Security Act of 2007"

October 4, 2007

Chairman Miller, Ranking Member McKeon, and distinguished members of the Committee, my name is Tommy Thomasson, President/CEO of DailyAccess Corporation. My company, based in Mobile, Alabama, provides retirement plan recordkeeping and administration services to thousands of small and medium-sized 401(k) plans throughout the country. I am here today on behalf of the American Society of Pension Professionals & Actuaries (ASPPA) and the Council of Independent 401(k) Recordkeepers (CIKR), for which I currently serve as Chair, to testify on important issues relating to 401(k) plan fee disclosures addressed in Chairman Miller's legislation, the "401(k) Fair Disclosure for Retirement Security Act of 2007" (H.R. 3185).

ASPPA is a national organization of more than 6,000 retirement plan professionals who provide consulting and administrative services for qualified retirement plans covering millions of American workers. ASPPA members are retirement professionals of all disciplines, including consultants, administrators, actuaries, accountants and attorneys. ASPPA's large and broad-based membership gives ASPPA unusual insight into current practical problems with ERISA and qualified retirement plans, with a particular focus on the issues faced by small to medium-sized employers. ASPPA's membership is diverse, but united by a common dedication to the private retirement plan system.

CIKR is a national organization of 401(k) plan service providers. CIKR members are unique in that they are primarily in the business of providing retirement plan services as compared to larger financial services companies that are primarily in the business of selling investments and investment products. As a consequence, the independent

members of CIKR, many of whom are small businesses, make available to plan sponsors and participants a wide variety of investment alternatives from various financial services companies without bias or inherent conflicts of interest. By focusing their businesses on efficient retirement plan operations and innovative plan sponsor and participant services, CIKR members are a significant and important segment of the retirement plan service provider marketplace. Collectively, the members of CIKR provide services to approximately 70,000 plans covering three million participants holding in excess of $130 billion in assets.

ASPPA and CIKR applaud Chairman Miller's leadership and strongly support his efforts to improve the transparency of 401(k) fee and expense information at both the plan fiduciary and plan participant levels. ASPPA and CIKR share Chairman Miller's concern about making sure plans and plan participants have the information they need—in a form that is both uniform and useful—to make informed decisions about how to invest their retirement savings plan contributions. This information is critical to millions of Americans' ability to invest in a way that will maximize their retirement savings so that they can achieve adequate retirement security.

While both 401(k) plan fiduciaries and participants need clear and consistent information to assess the reasonableness of fees charged for various plan services, the degree of detail that could be required in these disclosures could differ significantly. My testimony will discuss ASPPA's and CIKR's views on the need for uniform disclosure requirements from service providers to plan fiduciaries, regardless of how plan services are delivered, along with our suggested simplifications to the new plan service provider disclosure requirements in H.R. 3185. We will follow this up with our views on the need for sensible and understandable 401(k) plan participant disclosures, along with our suggested modifications to the participant disclosure requirements in H.R. 3185.

Need for Uniform Disclosure to Plan Fiduciaries

Overview of the 401(k) Plan Marketplace

There are currently no rules governing the disclosure of fees charged by plan service providers, and thus disclosure is generally inconsistent and too often nonexistent. ASPPA and CIKR generally support requiring plan service providers to disclose fees that will be charged to assist plan fiduciaries in fulfilling their responsibility to assess the reasonableness of such fees. Such a requirement is included in H.R. 3185. Specifically, the disclosure to plan fiduciaries in H.R. 3185 would require a description of the plan services to be provided, the expected costs of various categories of services, the identity of the service provider and potential conflicts of interest.

ASPPA and CIKR strongly believe that any disclosures required of service provider fees to a plan fiduciary must be provided in a uniform manner, regardless of how plan services are delivered. There are generally two main methods for delivering retirement plan services—"bundled" and "unbundled."

- Bundled providers are primarily in the business of selling investments and package their own proprietary investments with recordkeeping, administration and other retirement plan services. They typically are large financial services companies like mutual funds and insurers.

- Unbundled providers are primarily in the business of providing retirement plan operations and services and will offer such services along with a menu of independent, unaffiliated investment options, often referred to as an "open architecture" platform of investments. Although there are some larger unbundled providers, the vast majority of them are smaller businesses serving the unique needs of their small business clients.

Although they use very different business models, both bundled and unbundled providers deliver the same kind of plan services to plan sponsors and participants.

Bundled and unbundled providers, however, do collect their fees in different ways. In general, a bundled provider collects its fees from plan assets. In the case of a mutual fund, for example, that would be in the form of the "expense ratio" assessed against the particular investment options chosen by participants, reducing their rate of return for the year.[1] In the case of an insurance company, the fee can also be in the form of a percentage fee assessed against total plan assets referred to in the industry as a "wrap fee." In either case, fees collected by bundled providers are generally always charged against participants' accounts. Because the plan sponsor is not paying a fee for services directly to the service provider, bundled providers will present the plan to the plan sponsor as having "free" recordkeeping and administration. There is currently little to no disclosure of this to either plan sponsors or plan participants. There are literally tens of thousands of 401(k) plans that report zero costs for recordkeeping and administration on their annual report (Form 5500) filed with the Department of Labor. In actuality, participant accounts are being charged for these "free" plan services in the form of investment fees assessed against their accounts.

Unbundled providers, by contrast, generally collect fees for the services they provide in two ways—revenue sharing from the company providing the plan's investment options and by a direct charge to the plan and/or plan sponsor, depending on the willingness of the plan sponsor to bear such costs. A portion of the expense ratios for the plan's investment options includes a component for recordkeeping and administration.[2] Since an unbundled provider, not an investment company, is performing recordkeeping and administration, the investment company will typically pass on a portion of the expense ratio to the unbundled provider to compensate them for performing such services. This is commonly known in the industry as revenue sharing. Depending on the size of the plan and the willingness of the plan sponsor to pay directly for retirement plan services, the amount of revenue sharing may be used to offset what would otherwise be charged directly to the plan and/or plan sponsor for recordkeeping and administration. Since the unbundled provider usually receives revenue sharing from an investment company on an

[1] A mutual fund prospectus provides more detail of what is contained in an expense ratio, which includes the cost for recordkeeping as well as promotional costs (*i.e.*, Rule 12b-1 fees).
[2] As discussed earlier, this will be explained in more detail in the investment prospectus.

omnibus basis (for all plans serviced by the provider but not on a per plan basis), the unbundled provider must employ a reasonable method, usually based on plan assets, for allocating the revenue sharing it receives to each plan for which it provides services.

Complete and Uniform Disclosure is Necessary to Determine "Reasonableness" of Fees

A central point of contention is the position the Department of Labor (DOL) took in proposed Form 5500 regulations, which would exempt bundled service providers from certain fee disclosure requirements applicable to unbundled/independent service providers. Specifically, in the proposed 2008 Form 5500, payments received by service providers from third parties (even though not from plan assets) would need to be disclosed. So, for example, allocable revenue sharing payments received by a third party administrator (TPA) for recordkeeping and administration in connection with the plan would need to be disclosed on the form. However, the regulation would exempt bundled providers from this disclosure requirement, with the result being that bundled providers would not have to disclose comparable internal revenue sharing payments to the affiliated entity or division providing recordkeeping and administration services.[3]

To satisfy their ERISA-imposed fiduciary duty, plan fiduciaries must determine that the fees charged for recordkeeping, administration and other plan services are "reasonable," requiring a comparison to fees charged by other providers, both bundled and unbundled. Inconsistent disclosure requirements between bundled versus unbundled providers will lead to a distorted analysis by plan fiduciaries as they review 401(k) plan fees. For instance, it will be virtually impossible for plan fiduciaries to determine the true costs for plan services provided through a bundled arrangement, which, as noted earlier, are often presented as having no cost. Uniform fee disclosures are needed for plan fiduciaries to make an "apples to apples" comparison of fees for various plan services offered by competing providers.

A breakdown of fees for various plan services will also allow plan fiduciaries to evaluate whether all the various plan services are really needed. The fee assessed by a bundled provider is akin to a "prix fixe" menu at a restaurant. There is only one price for the package and usually no choice about which services are included. Without any reasonable segregation of the costs for plan services, less sophisticated plan fiduciaries, such as small business owners, may not appreciate the fact that the bundled package includes services they may not want or need yet – services they may be paying for under a single "bundled" price arrangement. With this information, plan fiduciaries will be in the position to question the necessity and cost of some of the services, potentially leading to lower costs to the plan and participants.

Plan fiduciaries also need a reasonable breakdown of fees for various services so they can continue to monitor the reasonableness of fees as a plan grows and costs increase. For example, assume a plan with assets valued at $1 million being service by a bundled

[3] DOL will also soon propose regulations under ERISA §408(b)(2) to resume the requirement of retirement plan service providers to disclose expected fees to plan fiduciaries at "point of sale." It is expected that the rules will be comparable to the disclosures required in the Form 5500 when finalized.

provider for an "all-in" price of 125 basis points or $12,500. If, through growth of the company and increases in the market value of assets, plan assets grew to $2 million, the fee would be $25,000. However, without any reasonable allocation of fees to services, such as recordkeeping and administration, the plan fiduciary will not be in a position to ask why the fee has doubled even though the level of services has remained essentially the same.

As provided for in H.R. 3185, disclosure of conflicts of interest is also critical. It should not be presumed that plan fiduciaries and participants, particularly those at small businesses, recognize and understand inherent conflicts of interest and their potential impact. A bundled provider will naturally prefer to sell a packaged 401(k) plan with only its own proprietary investments, as opposed to one with investments provided by other financial services companies, since in the former case it will retain all the fees.

Exempting bundled providers from 401(k) plan fee disclosure rules will also greatly interfere with an extremely competitive 401(k) plan marketplace. Enhanced transparency requirements that only apply to unbundled arrangements may make them appear to have higher fees even though the total fees to the plan may in fact be similar, or perhaps even less. Similarly, a provider that has the ability to offer both proprietary investments and investments managed by unrelated investment managers will have an even greater advantage marketing its proprietary investments, because the cost of an arrangement of primarily proprietary investments will appear to be lower than that of an arrangement comprised of primarily independent investments. Small business plan sponsors with less sophistication will be more susceptible to these misperceptions in fee disclosure. Not only does this have the potential for creating a competitive imbalance in the service provider marketplace; even worse, it sets up the possibility that small business plan sponsors will lose an opportunity to choose a plan that will better serve their workers' retirement planning needs.

The bundled providers specifically argue against being subject to a uniform set of disclosure requirements by stating that it would be too expensive to break down the internal or affiliate-provided service costs. They further suggest that any such breakdown would be inherently artificial since any internal cost allocations are merely for budgeting and accounting purposes. The bundled providers also argue that any conflicts of interest between a service provider and its affiliates should be readily apparent to the plan fiduciary.

ASPPA and CIKR respectfully disagree with the position of the bundled providers. We believe it is possible with very little cost to develop an allocation methodology to provide a reasonable breakdown of fees for plan services. We discuss in more detail below how such a simplified breakdown of plan fees could be presented to plan fiduciaries. We note that it is the position of the bundled providers that unbundled providers, their competitors, should disclose such a breakdown of fees along with their allocation methodology, while they should be exempt.[4] As noted earlier, since unbundled providers

[4] *See* Testimony of Mary Podesta on behalf of the Investment Company Institute before the ERISA Advisory Council Working Group on Fiduciary Responsibilities and Revenue Sharing Practices (Sept. 20, 2007).

received revenue sharing on an omnibus basis, not on a per plan basis, such an allocation will be necessary and we believe can be reasonably accomplished.[5] We find it ironic that the bundled providers, all large financial institutions, suggest that unbundled providers, mostly small businesses, be required to do something that they apparently are incapable of doing. Fundamentally, we believe the position of the bundled providers is an attempt to get a competitive advantage through law and/or regulation. Simply put, they want to be able to tell plan sponsors that they can offer retirement plan services for free while unbundled providers are required to disclose the fees for the same services.

The disclosure requirements in H.R. 3185 uniformly apply to all service providers, and ASPPA and CIKR strongly support H.R. 3185 in this respect. The breakdown of fees required in the Miller bill will allow plan fiduciaries to assess the reasonableness of fees by comparison to other providers and will also allow fiduciaries to determine whether certain services are needed, leading to potentially even lower fees.

It is also worthy of note that bundled service providers **do** provide a breakdown of fees for various plan services to their larger plan clients—clients who have the negotiating power to ask for this detailed cost information. Less sophisticated small businesses without access to this information will not appreciate the conflicts of interest and will be steered toward "prix fixe" packages that include services that they may not need to pay for. Uniform and consistent disclosure, regardless of how plan services are delivered, is necessary to ensure a level playing field and an efficient marketplace, ultimately leading to more competitive fees benefiting both plan sponsors and participants.

Plan Fiduciary Disclosure Proposal

H.R. 3185 would add new ERISA §111(a) to require an annual disclosure from service providers of all fees and conflicts of interest to employers sponsoring 401(k) plans. Plan fiduciaries would not be allowed to enter into a contract with a service provider unless the service provider provides a written annual statement identifying who will be performing services for the plan, a description of each service and the expected annual costs of each service, including any amounts to be paid to affiliated or other third party service providers under the contract. In other words, the rules of disclosure would be the same regardless of whether the services are provided on a "bundled" or "unbundled" basis.

ASPPA and CIKR strongly support the goals of H.R. 3185, and particularly applaud the bill's even, equitable application of its disclosure rules to all plan service providers, regardless of their business structure (*i.e.*, whether bundled or unbundled). The bill's requirement that service providers disclose to plan sponsors all direct and indirect charges against participants' accounts will ensure a level playing field in an extremely competitive marketplace. That is good news for plan participants' retirement asset accumulation needs and goals.

However, we recommend that the disclosure requirements be clarified to provide a more simplified service provider fee disclosure that will break down the fees for all services

[5] An allocation on the basis of the value of plan assets is one possible allocation method.

under the following components: (1) Investment Management Expenses; (2) Administrative and Recordkeeping Fees; and (3) Selling Costs and Advisory Fees. All fees charged to 401(k) plans can be allocated to one of these components, and we would suggest that any further breakdown would be unnecessarily confusing to plan fiduciaries. These component expenses would be disclosed under three categories based on how they are collected – as fees on investments, fees on total plan assets and fees paid directly by the plan sponsor. We would also support the H.R. 3185 requirement that there be a conflicts of interest statement disclosing any conflicts. To demonstrate that a simplified disclosure form can be accomplished, we have attached to this testimony a sample form for the Committee to review and consider.

Need for Sensible and Understandable Disclosure to Plan Participants

Overview

The level of detail in the information needed by 401(k) plan participants differs considerably than that needed by plan fiduciaries. Plan participants need clear and complete information on the investment choices available to them through their 401(k) plan, and other factors that will affect their account balance. In particular, participants who self-direct their 401(k) investments must be able to view and understand the investment performance and fee information charged directly to their 401(k) accounts in order to evaluate the investments offered by the plan and decide whether they want to engage in certain plan transactions.

The disclosure of investment fee information is particularly important because of the significant impact these fees have on the adequacy of the participant's retirement savings. In general, investment management fees (which can include investment-specific wrap fees, redemption fees and redemption charges) constitute the majority of fees charged to 401(k) participants' accounts and therefore have a significant impact on a participant's retirement security.[6] For example, over a 25-year period, a participant paying only 0.5% per year in plan expenses will net an additional 28% in retirement plan income over a participant in a similar plan bearing 1.5% in participant plan expenses per year. ASPPA and CIKR strongly support a requirement that plan sponsors disclose to plan participants, in a uniform, readily understandable format, all the information *that the participant needs* to make an informed choice among the investment options offered to them.

There are currently no uniform rules on how this information is disclosed to plan participants by the various service providers. As stated in GAO Report 07-21, this is in large part due to the fact that ERISA requires limited disclosure by plan sponsors and does not require disclosure in a uniform way, which does not foster an easy comparison of investment options. Furthermore, the various types of investments offered in a 401(k) plan (*e.g.*, mutual funds, annuities, brokerage windows, pooled separate accounts, collective trusts, etc.) are directly regulated by separate Federal and State agencies and are not likely to have uniform disclosure rules anytime soon.

[6] GAO Report 07-21 cited a 2005 industry survey estimating that investment fees made up about 80 to 99 percent of plan fees, depending on the number of participants in the plan.

401(k) plan participants—as lay investors—generally do not have easy access to fee and expense information about their 401(k) investment options outside of the information that is provided by their plan sponsor and service provider. Further, while the existence of disclosure materials is a significant issue, accessibility and clarity of disclosure are equally compelling concerns. If the information is buried within page upon page of technical language, it is effectively unavailable to participants. If it is provided in an obvious manner, but the structure of the information is such that a participant cannot understand it or compare it to similar information for an alternate investment, it is also effectively unavailable. Therefore, insufficient or overly complicated information will often result in delayed or permanently deferred enrollment, investment inertia and irrational allocations.

It is all too easy to overwhelm plan participants with details they simply do not need, and in many cases do not want. And an overwhelmed participant is more likely to simply ignore all the basic and necessary information that he or she does need to make a wise investment decision, or worse, to simply decline to participate in the plan. Thus, it is critical that the amount and format of information required to be disclosed to plan participants be well balanced to include all the information participants need, but no more than the information they need. To do otherwise risks putting participants in a position of simply declining to participate in the retirement plan, or making arbitrary—and potentially adverse—allocations of their retirement contributions.

Further, there is a cost to any disclosure. And that cost is most often borne by the plan participants themselves. To incur costs of disclosure of information that will not be relevant to most participants will unnecessarily depress the participants' ability to accumulate retirement savings within their 401(k) plans. Thus, appropriate disclosure must be cost-effective, too. The result of mandatory disclosure should be the provision of all the information the plan participant needs, and no more. To require otherwise would unjustifiably, through increased costs, reduce participants' retirement savings. Those participants who want to delve further into the mechanics and mathematics of the fees associated with their investment choices and other potential account fees should have the absolute right to request additional information—it should be readily available on a Web site, or upon participant request. This will take care of those participants who feel they need more detailed information.

Accordingly, ASPPA and CIKR recommend that plan sponsors provide to plan participants upon enrollment and annually thereafter information about direct fees and expenses related to investment options under their 401(k) plan as well as other charges that could be assessed against their account. This mandatory disclosure must be in an understandable format that includes sufficient flexibility to enable various types of potential fees to be disclosed within the context of uniform rules. This simple, uniform, carefully crafted disclosure would allow participants to make more informed decisions regarding their 401(k) accounts by allowing them to simply compare the various fees and expenses charged for each investment option, and by making them aware of the possible other fees they can occur depending on the decisions they make.

To accomplish this objective, ASPPA and CIKR strongly support the requirement in the Miller bill that an exemplary "fee menu" be provided to plan participants upon

enrollment, and annually thereafter, that would provide a snapshot of the direct fees and expenses that could potentially be charged against a participant's account (discussed further below). The plan fiduciary would be responsible for ensuring that the fee disclosure document is made available to the participants, but generally would obtain the necessary fee data (and in most cases, the disclosure form itself) from the plan's service provider.

Participant Fee Disclosure Proposal

H.R. 3185 would add new ERISA §§111(b) and (c) to require two separate disclosure requirements to 401(k) plan participants: (1) an advance notice to 401(k) plan participants of investment election information, which would include a plan-level forward-looking "fee menu" that would provide participants at the beginning of the year a summary of all the fees (including investment specific fees, account-based fees and transaction costs) that could be assessed against the account; and (2) an "after-the-fact" participant-specific fee statement that would detail all the various fees assessed against the account of the participant during the past year.

For the reasons below, ASPPA and CIKR fully support the forward-looking "fee menu" participant-specific fee statement. We further support the goal of the "after-the-fact" participant-specific disclosure so that participants will have sufficient information on investment fees so they can assess whether their investment options continue to be appropriate. Given that participants will be receiving a "forward-looking" fee menu setting forth detailed information of any potential fees and expenses for each investment alternative in their plan, we believe that the "after-the-fact" information should be limited to reflect the gross return and net return after fees on each investment alternative available (as discussed below).

Forward-looking "Fee Menu" Notice Requirement

New ERISA §111(b) would require plan administrators to provide an advance notice to plan participants with specific information for each investment option 15 days prior either to the beginning of the plan year and/or any effective date of any material change in investment options. The notice must contain the name of the option, investment objectives, level of risk, historical return and percentage fee assessed against amounts, an explanation of differences between asset-based fees and annual fees and how additional plan-specific information may be obtained.

Along with this notice, ERISA §111(b) would require an annual "fee menu" be provided to participants listing all potential service fees that could be assessed against their account in any given plan year. It is to be written in a manner easily understood by the average participant. The "fee menu" would disclose fees in the following three categories: (1) fees depending on a specific investment option (including expense ratio, participant-specific asset-based fees, possible redemption fees and possible surrender charges); (2) fees assessed as a percentage of total assets; and (3) administrative and transaction-based fees. The fee menu must also include *any potential conflicts of interest* that may exist with service providers or parties in interest, as determined by DOL.

ASPPA and CIKR support the requirement that an advance, annual notice be provided to participants that would incorporate a forward-looking annual "fee menu," which would provide sufficient information to plan participants to make an informed evaluation of all the potential fees that could affect their accounts. This fee menu requirement is consistent with the recommendations ASPPA and CIKR provided to the DOL on July 20, 2007, in response to their request for information (RFI) regarding fee and expense to disclosures in individual account plans. Attached to this testimony is the sample one-page fee menu submitted to DOL along with our response to the RFI.

"After-the-fact" Notice Requirement of Plan Expenses

New ERISA §111(c) also requires an additional "after-the-fact" participant-specific fee statement that would detail all the various fees assessed against the account of the participant during the past year. The annual participant benefit statement would require a high level of detail to be provided 90 days after the close of each plan.

Specifically, the following specific information would be required: (1) starting balance, vesting status, employer/employee contributions, earnings, fees, ending balance and asset allocation by investment option from the preceding plan year; (2) an extensive list of fees charged against each participant's account for each investment option from the preceding plan year; and (3) historical return and risk level information of each investment option and the estimated amount a participant needs to save each month to retire at age 65.

ASPPA and CIKR support the concept of providing "after-the-fact" information on the investment alternatives so that plan participants can consider the relevant investment return information, along with the effect of fees on each investment, to make a truly informed decision as to whether the options they have selected remain appropriate. Since the proposed fee menu would provide participants with detailed information of any potential fees that could be charged to their accounts, the "after-the-fact" information should be limited to gross return and net return after fees on each investment alternative. Providing information in this manner would reduce costs and provide participants with relevant and understandable information that would allow them to make an informed comparison of each investment option, without overwhelming them with too much detail that they do not need.

Accordingly, ASPPA and CIKR recommend that the "after-the-fact" disclosure be limited to the gross and net return of each investment alternative, to be provided in conjunction with the annual "fee menu" of potential fees for each investment option. We believe these disclosures will provide participants with well-balanced and understandable information to decide on the investments appropriate for them, while helping to ultimately reduce costs for the plan participants who will likely pay for these additional disclosures.

DOL Regulatory Initiatives

It has been suggested by some that Congress should wait until the DOL concludes its currently ongoing regulatory project on new fee disclosure requirements. These initiatives include: (1) a modification to Schedule C of the 2008 Form 5500; (2) guidance

on what constitutes "reasonable" compensation under ERISA §408(b)(2) between service providers and plan fiduciaries; and (3) increased disclosure requirements under ERISA §404(c). ASPPA and CIKR believe that while the DOL guidance on this issue is a very important factor in Congress' decision on 401(k) fee disclosure requirements, it is ultimately the right and responsibility of the Congress to make the determination whether more fee disclosure is required, and if so, its appropriate scope and frequency.

Further, the DOL's jurisdiction over fee disclosure issues may be limited to the voluntary ERISA §404(c) plans that are subject to DOL's disclosure rule-making. Arguably, plans that are not operating under the voluntary 404(c) liability protections would also not be subject to DOL's fee disclosure requirements. Guidance applicable only to 404(c) plans would be an unfortunate result that could harm those participants whose employers sponsor non-404(c) plans.

ASPPA and CIKR recommend that the Education and Labor Committee proceed with this inquiry, and with appropriate legislation, regardless of the current status of the DOL regulatory effort. It will not be too late to modify either the legislation or the regulatory guidance if and when either initiative reaches a stage in the process where it would be appropriate to defer one to the other.

Summary

In summary, ASPPA and CIKR applaud this committee, and in particular, Chairman Miller, for his leadership on the important issue of required 401(k) fee/expense disclosure. We support complete and consistent disclosure requirements to both plan fiduciaries and plan participants. We believe that any new disclosure requirements to plan fiduciaries should apply uniformly to all service providers, regardless of the form of their business structure (*i.e.*, "bundled" or "unbundled"). Respecting plan participant disclosures, ASPPA and CIKR fully support a forward-looking annual "fee menu" being provided annually to plan participants in a simple, concise format so that they can make an informed evaluation of all the potential fees that could affect their accounts. Both of these disclosure requirements are included in H.R. 3185, and we commend Chairman Miller for his insight and efforts into these issues.

Again, thank you for this opportunity to testify on these important issues. ASPPA and CIKR pledge to you our full support in creating the best possible fee disclosure rules. I will be happy to answer any questions you may have.