

**MEMO# 20524**

October 31, 2006

## **Draft ICI Comment Letter on DOL Proposed Regulation on Qualified Default Investment Alternatives**

©2006 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. URGENT/ACTION REQUESTED [20524] October 31, 2006 TO: PENSION COMMITTEE No. 36-06 PENSION OPERATIONS ADVISORY COMMITTEE No. 34-06 RE: DRAFT ICI COMMENT LETTER ON DOL PROPOSED REGULATION ON QUALIFIED DEFAULT INVESTMENT ALTERNATIVES Attached for your review is a draft comment letter on the Department of Labor's proposed regulation regarding default investments in participant-directed individual account plans.<sup>1</sup> The comment letter requests several changes and clarifications to the proposal, including modification of the requirement that a non-mutual fund qualified default investment alternative ("QDIA") be managed by an ERISA investment manager and clarification that plan sponsors who select a balanced fund default need not monitor changes in participant demographics. This will allow more existing products to be covered by the safe harbor and provide greater flexibility for plan sponsors. The letter also asks for changes to the notice, disclosure and transferability requirements of the proposed regulation; guidance on how to convert assets invested in existing default investments to a QDIA; and immediate guidance on the effect of reliance on the regulation prior to the effective date of the final regulation. We ask for your comments on various issues addressed in the draft letter, as specifically indicated therein. In addition, we welcome your comments and suggestions on any other aspect of the letter. Because comments are due to the Department of Labor by November 13, 2006, we ask for your comments by Monday, November 6, 2006. Please contact me at 202/326-5821 or ebarone@ici.org or Mary Podesta at 202/326-5826 or podesta@ici.org with your comments or questions. Elena Barone Assistant Counsel Attachment (in .pdf format) 1 See Memorandum to Pension Committee No. 32-06 and Pension Operations Advisory Committee No. 31-06 [20423], dated September 28, 2006.