

Valued Sponsor,

On October 24, 2007 the Department of Labor published final rules establishing “qualified default investment alternatives” or QDIAs. Your investment provider has been actively involved throughout this regulatory process, and our attorneys and compliance professionals are currently immersed in understanding the full implications of these final regulations for our clients.

Under the provisions of the Pension Protection Act of 2006, plan sponsors are afforded protection from fiduciary liability for plans that use a QDIA as their default investment option. The new QDIA Safe Harbor is designed to ensure that plan participants who do not affirmatively select their investments are automatically invested in a mix of fixed income, equity and other assets appropriate for long term retirement savings.

We recognize that many of our plan sponsors currently have a default investment option that is not a QDIA. We are, therefore, in the process of identifying a number of alternatives that will enable sponsors to satisfy Safe Harbor requirements, while still feeling comfortable with the type of default investment they provide to their participants. Once these alternatives have been identified, we will contact you again to help you begin the process of making any necessary changes to your default option.

The new Safe Harbor rule will not go into effect for 60 days, giving you time to consider what alternatives are available, and what action, if any, is required for your plan.

Should you have any questions regarding QDIAs, please do not hesitate to contact me.

Best Regards,