BLACKROCK

April 10, 2013

VIA ELECTRONIC FILING

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

RE: Investor Advisory Committee Subcommittee on Investor as Purchaser Recommendations on Target Date Mutual Funds, File No. 265-28

Dear Ms. Murphy:

This letter is in response to the proposed Recommendations on Target Date Funds ("TDFs") made by the Investor as Purchaser Subcommittee of the Commission's Investor Advisory Committee ("IAC") to be discussed at the upcoming meeting of the IAC on April 11, 2013. We very much appreciate the publication of these recommendations in advance of the IAC meeting, so that the Commission and the IAC have the opportunity to consider the views of all interested parties. BlackRock[1] supports the goal of providing investors with meaningful information that will enhance the understanding of TDFs and help to guide the investment decision.

Both the Commission and the Department of Labor ("Department") in 2010 proposed rules focused on enhancing disclosures for TDFs; neither of these rules have yet been finalized although we note that the Department has indicated that it intends to finalize its rule by the end of 2013[2]. BlackRock commented on both rule proposals, and the views expressed in those letters remains the same today[3].

As the bulk of TDF assets are held in 401(k) and similar participant directed plans, we strongly support the Department taking the lead on setting disclosure standard for these strategies, whether organized as mutual funds or other investment products (collective funds, separate accounts and insurance products). Because of the Department's experience with defined contribution ("DC") plans and the fiduciary role of plan sponsors in the selection of investment options, we believe the Department is best positioned to determine the efficacy of TDF disclosures to plan participants.[4] We remain concerned, as we noted in our prior comment letters, about inconsistent disclosure requirements, however well intended, being imposed on TDF investments. TDFs provide

[1] BlackRock, Inc. ("BlackRock") is one of the world's leading asset management firms. We manage $3.792 trillion (as of December 31, 2012) on behalf of institutional and individual clients worldwide through a variety of equity, fixed income, cash management, alternative investment, real estate and advisory products. Our client base includes corporate, public, multi-employer pension plans, insurance companies, third-party mutual funds, endowments, foundations, charities, corporations, official institutions, banks, and individuals around the world. Among the financial innovations it has pioneered is the lifecycle/target date investment strategy, first launched in 1993.

[2] *See* Proposed Rule on Target Date Fund Disclosure, 75 Fed. Reg. 229 (November 30, 2010); Department of Labor Regulatory Plan – Fall 2012 DOL-2012-0008-0002 and Department of Labor Semiannual Regulatory Agenda – Fall 2012; DOL 2012-0008-001, available at http://www.regulations.gov/#!docketDetail;D=DOL-2012-0008

[3] Copies of BlackRock's comments attached.

[4] For example, Recommendation #5 suggests that investors and consultants should receive more information about the fees and expenses associated with TDFs. The Department has enacted rules which provide considerable investment option-related fee and performance information to plan participants (DOL Reg. 2550.404a-5) in a form which is standardized and thus permits comparison; yet Recommendation # 5 appears to suggest that additional information needs to be provided. The Department is currently evaluating the effectiveness of these disclosures and has indicated its willingness to make adjustments to assure the intended benefits of the rules are achieved.

fundamental advantages in helping DC plan participants and others investing for retirement maintain a diversified asset allocation strategy that changes over time. Inconsistent or overlapping disclosures will potentially confuse investors, not help them make an investment decision.

We encourage the IAC to defer action on the Subcommittee's recommendations (and the Commission to defer finalizing its pending TDF rule) until the Department has finalized its TDF rule, and sufficient time has passed after implementation for the effects of the Department's rule to be evaluated. At such time the IAC and the Commission could then determine whether and what disclosure "gaps" remain for investors, and tailor recommendations and rule changes if necessary to close these gaps.

We share the IAC, the Commission and the Department's resolve to assure a secure retirement for all Americans, and we welcome the opportunity to further discuss our views on this important topic.

Sincerely,

Barbara Novick
Vice Chairman
Head of Government Relations and Public Policy

Chip Castille
Managing Director
Head of US Defined Contribution

cc: The Honorable Mary Jo White, Chairman, Securities and Exchange Commission
The Honorable Phyllis Borzi, Assistant Secretary of Labor, EBSA
Mr. Joseph Dear, Chairman, IAC
Ms. Barbara Roper, Chairman, Investor as Purchaser Subcommittee, IAC

BLACKROCK

January 14, 2011

Via e-mail 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 Amendments

BlackRock[1] is pleased to offer its comments regarding rules proposed by the Department of Labor (the "Department") on additional disclosure requirements for participants concerning target date funds ("TDFs"). The proposal seeks to amend both the regulation covering qualified default investment alternatives[2] (the "QDIA Rule") and the participant-level disclosure regulation[3] (the "Participant Disclosure Rule"). We share the Department's goal of providing plan participants with information that will enhance the understanding of TDFs and help guide the investment decision.

We support the Department's approach in the proposed amendments and believe they will foster greater transparency and ultimately better participant outcomes. As discussed below, we largely agree with the proposal. However, we remain concerned about inconsistent disclosure requirements being imposed on TDF investments.[4] As the bulk of TDF assets are held, according to recent surveys[5] in 401(k) and similar participant directed plans, we strongly support the Department taking the lead on setting disclosure standards for these strategies, whether organized as mutual funds or

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[1] BlackRock is one of the world's leading asset management firms. We manage over $3.45 trillion on behalf of institutional and individual clients worldwide through a variety of equity, fixed income, cash management, alternative investment, real estate and advisory products. Our client base includes corporate, public, multi-employer pension plans, insurance companies, third-party mutual funds, endowments, foundations, charities, corporations, official institutions, banks, and individuals around the world. Among the financial innovations BlackRock has pioneered is the lifecycle/target date investment strategy, first launched in 1993.

[2] 29 CFR Part 2550 (Sec. 2550.404c-5, Fiduciary Relief for Investments in Qualified Default Investment Alternatives), 72 FR 60452 (October 24, 2007), amended 73 FR 84 (April 30, 2008).

[3] 29 CFR Part 2550 (Sec. 2550.404a-5, Fiduciary Requirements for Disclosure in Participant-Directed Individual Account Plans), 75 FR 64910 (October 20,2010).

[4] See, SEC File # S7-12-10, "Investment Company Advertising- Target Date Retirement Fund Names and Marketing", 75 FR 35920 (June 23, 2010) and BlackRock's comment letter available at http://www.sec.gov/comments/s7-12-10/s71210-33.pdf.

[5] Retirement Snapshot, 2Q2010, Investment Company Institute.

other investment products (collective funds, separate accounts and insurance products). Because of the Department's experience with defined contribution ("DC") plans and the fiduciary role of plan sponsors in the selection of investment options, we believe the Department is best positioned to determine the efficacy of TDF disclosures to plan participants.

Discussion

TDFs are an important tool for those saving for retirement because these products transfer the burden of adjusting risk levels over time from the individual participant to professional investment managers. The popularity of TDFs reflects the fact that these products provide a simple solution for individuals who lack the knowledge, interest or time to select and monitor a mix of investments.

The proposed amendments to the Department's QDIA Rule and Participant Disclosure Rule would require participants to receive an explanation of the asset allocation over time and certain information on the significance of the target date and on the risk of loss by investing in the TDF.

Asset Allocation. BlackRock believes the most important factor for retirement investors to understand is how a TDF's risk level changes over time (the "glidepath"). We support the requirement that the disclosure include a glidepath illustration and agree with the Department's identification of the relevant elements that must be described or conveyed in the illustration. Presented in a graph or chart, this illustration would permit participants to visualize the evolving level of risk in relation to their own time horizon. Additionally, we would also encourage that language accompany the glidepath illustration to describe the extent to which the manger may deviate from the shown glidepath for example through the use of tactical asset allocation shifts. This disclosure emphasizes the function of a TDF and would also help investors understand how asset allocation, and therefore risk, changes over time.

The proposed amendment to the QDIA Rule requires that this illustration plus the additional information on TDFs (discussed below) be provided in the required notice to participants and beneficiaries (the "QDIA Notice"). In discussing the Paperwork Reduction Act implications for the proposal, the Department suggests that this disclosure would add two pages to the QDIA Notice. We question this assumption, as each TDF in a time series has a unique glidepath, requiring the plan sponsor to append glidepath disclosures for as many as ten TDFs (the entire time series). Alternatively, the plan sponsor presumably could meet these requirements by customizing the QDIA Notice on a participant-by-participant basis which would of course change the regulatory burden calculation made by the Department as to the hours needed to comply with the proposed changes to the QDIA Notice. We encourage the Department to clarify its intent on these TDF disclosures that they are to be multiple pages appended to the QDIA Notice and not customized on a participant-by-participant basis..

Significance of the Target Date. The proposed amendments require an explanation of the age group for whom the target date investment is designed, the relevance of the date, and any assumptions about a participant's contribution and withdrawal

intentions on or after the target date.[6] We support this disclosure, and believe it provides additional relevant information to plan participants. We note that the SEC proposal in this regard is substantially different (requiring the first time the target date is mentioned that there be a disclosure as to the asset allocation at the "ending point" or "landing point"). We believe the Department's approach provides more useful information to plan participants, and when eliminating inconsistencies between the proposals, we would urge that the Department's approach prevail.

Risk. The Department has also proposed that TDF disclosures include a statement that the participant or beneficiary may lose money by investing in the option, including losses near and following the target date and that there is no guarantee that the TDF will provide adequate retirement income. While we share the Department's concern that some participants may not fully understand the limitations of a TDF investment option, the statement as proposed applies to nearly all DC plan investment options.[7] We question whether TDFs should be singled out for such disclosure and recommend a similar statement be made for all investment options in the QDIA Notice and other participant disclosure documents.

Consistency of the QDIA Notice and Participant Disclosure. The Department asks for comment on the extent to which the new requirements for the QDIA Notice and the Participant Disclosure Rule should conform. We believe that defaulted participants and active participants (those that provide investment instructions) should receive the same information about the investment alternatives, including TDFs.

However, we are concerned that not all the proposed changes to the QDIA Notice conform to the way information is currently required to be disclosed in the Participant Disclosure Rule. As we read the proposal, the revised QDIA Notice would be required to provide a description of the investment issuer, objectives or goals, principal strategies and principal risks, performance data and fees and expenses. Under the Participant Disclosure Rule, participants receive performance, fee and expense information in the comparative chart, and a reference ("click-through") to a web site to obtain additional investment-related information, including the issuer, objectives or goals, principal strategies and principal risks. Moreover, under the proposal, if TDFs are an investment option, the chart will be accompanied by an appendix of TDF-specific disclosures including the illustrative glidepath and the statement about risk of loss.

We are concerned about these differences for two reasons. First, the proposal to add information to the chart or in an appendix to the chart undercuts the benefit provided to plan participants of having an easy to understand comparative chart among investment options regardless of investment strategy or type of investment product (i.e., mutual fund, collective fund, separate account or insurance product). Second, a

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[6] We assume this latter requirement is referencing the "to or through" retirement aspect of TDFs, rather than requiring the plan fiduciary to make assumptions and provide quantitative disclosures about contribution or withdrawal levels. We believe it would be most helpful to plan participants to state the assumption more generally—the TDF assumption is that a participant would cease contributions on or around the target date and/or the fund is designed for an investor who expects to withdraw amounts gradually in retirement -- and read the proposal to permit that more helpful approach.

[7] While money market funds, certificates of deposit and stable value investments present limited risk to principal, the ability for any DC plan investment to provide adequate income at retirement is dependent on many factors, including the years and rate of contributions.

different set of disclosures or disclosures presented differently for TDFs may simply be confusing to participants. We believe that the QDIA Rule and the Participant Disclosure Rule should require key information on all investments be made available to participants through a click-through process.[8] The effects of information overload and its influence on participants' understanding and investment choices is well documented.[9]

Inconsistency with SEC Proposal. In June 2010 the SEC proposed changes to advertising and marketing rules for TDFs offered in mutual fund form. While grounded in the same principles that plan participants and retirement investors be given information about how TDFs work, in many ways, the SEC proposal differs from the requirements proposed by the Department. We are concerned that TDF providers and plan sponsors will be put in the position where potentially all the SEC requirements and the Department requirements will need to be complied with—if not an impossible task, one that will certainly result in confusion for the plan participant who is the intended beneficiary of these rule-makings. While we support providing information which will increase plan participants and retirement investors understanding of TDFs, we believe the Department's unique position in overseeing the majority of retirement monies argues that its rules should take precedence over those of the SEC with regards to TDF disclosure.

Conclusion

As fiduciaries for our clients, we share the Department's resolve to assure a secure retirement for all Americans. TDFs provide fundamental advantages in helping DC plan participants and others investing for retirement to maintain a diversified asset allocation strategy that changes over time. We believe that the Department's proposed changes to the QDIA Rule and the Participant Disclosure Rule are generally consistent with the goal of enhancing understanding of TDFs. With the clarifications and recommendations outlined above, we support the adoption of these amendments.

BlackRock welcomes the opportunity to further discuss its views on this important topic with Employee Benefits Security Administration staff and others in the Department.

Sincerely,

Chip Castille
Managing Director
Head of US Defined Contribution

cc: Mark T Uyeda, Assistant Director, Office of Disclosure Regulation, Division of Investment Management, US Securities and Exchange Commission

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[8] This could also solve the issue of providing defaulted participants and beneficiaries with the specific information for the TDF into which their or their employers' contributions are placed—information on the specific time series TDF is more easily accessed through the click-through than multiple physical pages of illustrative glidepaths or the cumbersome development of customized QDIA Notices.

[9] James J. Choi & David Laibson & Bridgette C. Madrian & Andrew Metrick, 2001. "Defined Contribution Pensions: Plan Rules, Participant Decisions, and the Path of Least Resistance", NBER Working Papers 8655, National Bureau of Economic Research, Inc.

BLACKROCK

August 23, 2010

VIA ELECTRONIC FILING

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Investment Company Advertising: Target Date Retirement Fund Names and Marketing; File Number S7-12-10

Dear Ms. Murphy:

This letter responds to the request of the Securities and Exchange Commission (the "Commission") for comments on its proposed rule amendments under the Securities Act of 1933 and the Investment Company Act of 1940 that are intended to provide enhanced disclosure concerning investments in target date funds ("TDFs"). BlackRock[1] supports the Commission's goal of providing investors with information that will enhance the understanding of TDFs and provide meaningful information to guide the investment decision.

As the Commission notes in the preamble of the Proposing Release, the amount of assets invested in TDFs has grown substantially since their inception in the early 1990s. Also as noted, since the adoption by the Department of Labor of the "QDIA regulations"[2], the use of TDFs in defined contribution ("DC") plans has become more prevalent. In fact, according to recent surveys the bulk of TDF assets are held in 401(k) and similar participant directed DC plans.[3] TDFs are an important tool for those saving for retirement because these funds transfer the burden of adjusting the risk level from the individual to experienced investment managers. The popularity of TDFs reflects the fact these funds provide a simple solution for individuals that lack the knowledge, interest and time to select and monitor a mix of funds.

DC plan participant investment selections involve two different levels of investment decision - first, the decision by the plan sponsor regarding the limited investment choices to make available to plan participants from among a wide array of potential investments, and second, the decision by plan participants regarding how to direct their funds among the limited investment options made available by the plan sponsor. Accordingly, detailed disclosures regarding investment options in general are made directly to the plan sponsor and/or other plan fiduciaries that undertake the important fiduciary obligation of making the initial pre-selection of investment options to be made available to plan participants. Such fiduciaries are themselves subject to extensive regulation.[4] DC plan fiduciaries are required to provide plan participants with communications relating to all the investment options,

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[1] BlackRock is the world's largest investment manager, with over $3 trillion in assets under management for thousands of clients around the world. BlackRock is solely in the business of providing investment advice to clients, including institutions, individuals and regulated investment funds. Among the financial innovations it has pioneered is the lifecycle/target date investment strategy, first launched in 1993.

[2] 29 CFR Part 2550 (Sec. 2550.404c-5 Fiduciary relief for investments in qualified default investment alternatives), October 24, 2007 (72 FR 60452) amended, April 30, 2008 (73 FR 84).

[3] Retirement Snapshot, 1Q 2010, Investment Company Institute

[4] Among other things, this means the plan fiduciary has reviewed the fund's glidepath and whether the landing point is based on "to retirement' or 'through retirement' and will base its decision on fund selection on a combination of factors, including the availability of other employer-provided retirement programs. Also see, ERISA Sections 404 and 406 and generally Title I.

including TDFs. However, it is important to note that a TDF may be on the investment menu with other investment options across the investment spectrum, it is rare for a DC plan to offer TDF options from multiple providers (other than the series of funds along the time dimension).

The Commission will have received extensive comments from asset management industry associations on the proposed rule changes. As our views are largely in line with these commentators, we have limited our comments to those that we believe would benefit from additional emphasis. In summary, we believe:

- A TDF's glidepath in a chart or graph best illustrates the asset allocation;
- TDF disclosure materials should take into account the role of TDFs as an investment option in DC plans, and in particular their roles as "qualified default investment alternatives' under Department of Labor regulations; and
- No significant change to the naming convention for TDFs is needed.

Disclosure of Asset Allocation

BlackRock supports improved disclosures to better educate investors on how TDFs are designed to provide a diversified portfolio whose composition changes over time. While we believe allocation information should be available to all TDF investors, it is doubtful that the average retail investor and DC plan participant have the requisite financial sophistication to judge the technical merits of various allocations and/or fund components. Our research and that of academics[5], suggests that most individuals investing for retirement lack either the knowledge, interest and/or time need to formulate a customized portfolio. We doubt individual investors select a TDF because they have rigorously analyzed the TDF holdings, glidepath and equity landing point.[6]

We recommend the Commission provide general guidelines for the TDF disclosure without being overly prescriptive of the format or contents. This approach would provide more flexibility to allow for future modifications given TDFs are a relatively new investment solution for DC investors and will continue to evolve to meet investment needs. Importantly, the Department of Labor is also looking at plan participant disclosure for target date products used as default investment options across registered investment companies, bank collective trust funds and separately managed accounts. Consistent guidelines from the Commission and the Department would be welcomed by industry participants.

What is most important for retirement investors to understand is how asset allocation changes over time. We believe that disclosure of the TDF asset allocation, presented in a graph or chart, would permit investors to visualize the glide path in relation to their own time horizon. This disclosure emphasizes the function of a TDF and would also help investors understand how asset allocation changes over time (See illustration below).

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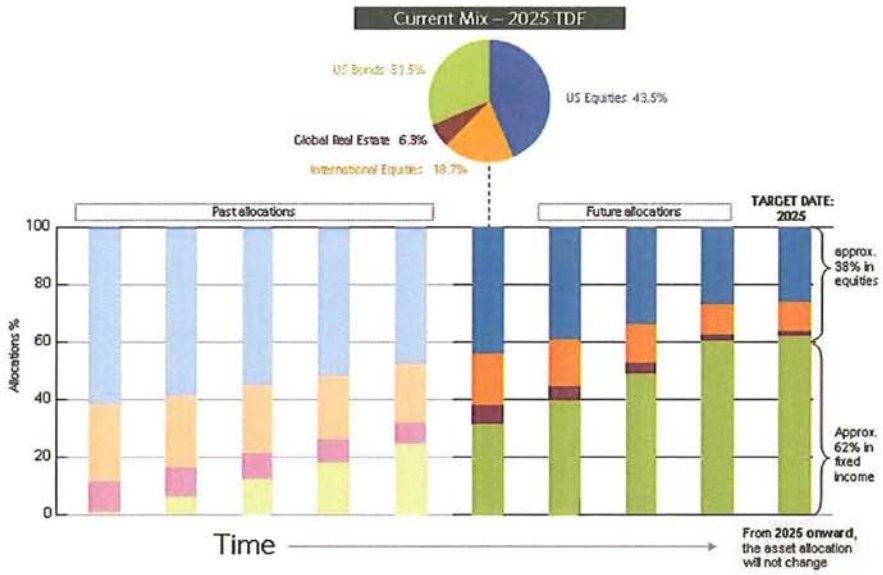
[5]. James J. Choi, David Laibson, and Brigitte C. Madrian, 2009, "Mental Accounting in Portfolio Choice: Evidence from a Flypaper Effect."; NBER Working Paper No. 13656; November 2007, Revised September 2009

[6] In our experience plan fiduciaries do undertake this type of analysis analysis as part of their fiduciary obligations under ERISA. Individual investors may also use investment advisers to provide analysis and assistance in their selection of a TDF among their DC plan offerings or in investing their retirement savings outside of a tax-qualified plan.



Text accompanying the chart would state explicitly that the asset allocation could change from what the chart illustrates based on changes in the managers' assumptions as to retirement readiness, longevity and market risk. Further, the disclosure would also state what types of investments are included in each asset class (e.g., the manager might include REITs as either equity or fixed income). Investors would be specifically informed that investment in TDFs, like all investments in securities, are not guaranteed, and that they should review their investment decision periodically to make sure the time horizon of the fund in which they are invested reflects their expected retirement timing assumptions.

In its efforts to protect investors who may be making investment decisions outside of a typical, fiduciary protected DC plan, the Commission needs to be cautious not to require so much information that these investors, as well as DC plan participants, are overwhelmed and thereby distracted from making sound decisions about their retirement assets. The effects of information overload and its influence on hampering investment choices is well documented.[7]

Naming Convention

Target date funds are currently named to reflect the estimated retirement year of investors, therefore, these funds are offered with a series of years in their name. This is a simple approach that is designed to assist investors in selecting the fund most appropriate for them. We are concerned that the Commission's proposal to add asset allocation information to the name of the fund will confuse rather than assist investors. As currently proposed, the funds would be required to indicate a short-hand asset allocation as of the target year. Unfortunately, we believe many investors will mistake this for current allocations or will simply not understand the short-hand. In addition, this short-hand is not sufficient to describe the risks of various asset classes or sub-asset classes. For example, an actively managed international small cap fund would be considered an "equity" fund as would a US large cap index fund, yet these two funds would have very different risk profiles. Finally, highlighting the allocation as of the target date may be misleading as various target date funds employ different strategies following the target date. For example, some funds may hold a constant equity/bond allocation whereas others may change the equity/bond mix, resulting in very different risk profiles.

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[7] James J. Choi & David Laibson & Brigitte C. Madrian & Andrew Metrick, 2001. "Defined Contribution Pensions: Plan Rules, Participant Decisions, and the Path of Least Resistance," NBER Working Papers 8655, National Bureau of Economic Research, Inc.

Instead of focusing on the name of the fund, we cannot help but return to the importance of disclosure regarding various risks associated with TDFs. As noted in the prior section to this letter, the glidepath or asset allocation change over time is a key aspect that should be graphically illustrated. A discussion of a fund's investment philosophy, including passive/active glidepath, passive/active underlying funds, asset allocation beyond the target date, single versus multi-manager and diversification among asset classes (e.g., exposure to TIPS, real estate, commodities) would be helpful to investors who want to develop an understanding of the risks associated with TDFs.

Summary

As fiduciaries for our clients, we share the Commission's resolve to assure a secure retirement for all Americans. TDFs provide fundamental advantages in helping DC plan participants and others investing for retirement to maintain a diversified asset allocation strategy that changes over time. The current focus on TDFs is primarily due to their performance during the market downturn in 2008. As TDFs are designed as long-term investments, their risk adjusted performance and suitability should be considered in this larger context. We strongly recommend retaining the current naming convention without change and adding enhanced disclosure as an adequate measure to improve investment decisions.

We appreciate the opportunity to share our views on this rule proposal, and would welcome further discussion on this important topic.

Sincerely,

Chip Castille /lp

Chip Castille
Managing Director
Head, US Defined Contribution