



Daniel Notto
Senior Vice President
Senior Retirement Plan Counsel

May 18, 2012

Submitted via email to: rule-comments@sec.gov

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RE: File No. S7-12-10
Release Nos. 33-9309; 34-66720; IC-30026
Investment Company Advertising: Target Date Retirement Fund Names and
Marketing

Dear Ms. Murphy:

AllianceBernstein L.P. appreciates the opportunity to provide our views and comments on the Securities and Exchange Commission's proposed amendments to rules relating to target date fund marketing materials (the "Proposal") in light of the SEC's recent investor testing on target date funds. AllianceBernstein is a registered investment adviser and global asset management firm currently with \$418 billion in assets under management. AllianceBernstein provides investment services to defined benefit and defined contribution plans. For defined contribution plans, AllianceBernstein or our affiliates offer mutual funds (including target date mutual funds), separate accounts and collective investment trusts.

AllianceBernstein strongly supports the Proposal's overall goal of providing clear, straightforward information about features of target date funds to defined contribution plan participants. We believe that certain elements of the Proposal will be especially pertinent in furthering this objective. However, based on the results of the SEC's recent investor testing on target date funds, as well as our firm's similar annual research surveys, we also feel that certain items of the Proposal should be modified.

For the past eight years, AllianceBernstein has conducted an annual "Inside the Minds of Plan Participants" survey of investor attitudes and behaviors of 1,000 employees eligible to participate in a defined contribution plan. In particular, our 2012 and 2011 surveys show results similar to

AllianceBernstein Investments, Inc.

1345 Avenue of the Americas, New York, NY 10105

T: 212.969.2242 F: 212.969.2290 daniel.notto@alliancebernstein.com www.alliancebernstein.com



Securities and Exchange Commission
 May 18, 2012
 Page 2

those found by the SEC in its investor testing in that the majority of our survey respondents understand the meaning of a target date fund’s “date” and “asset allocation / glide path.” For example, when we tested respondents’ general understanding of what the specific year in the name of a target date fund means, here is what we found:

If a target date fund’s name says Retirement 2030 Fund, who is this fund meant for?	<u>2012</u>	<u>2011</u>
Someone who plans to retire around the year 2030 and withdraw his/her savings from the plan gradually throughout their retirement. <i>(correct answer)</i>	49%	49%
Someone who plans to retire around the year 2030 and roll his/her money over to an IRA account as soon as he/she retires. <i>(correct answer)</i>	23%	24%
Someone who plans to retire around the year 2030 and take a cash distribution to spend immediately.	16%	13%
I don’t know.	12%	15%

Bold indicates correct answer. Percentages may not sum to 100 due to rounding.

And, here are the results when we tested respondents’ general understanding of a target date fund’s asset allocation / glide path:

For each statement below, please select an answer based on what you know about target date funds.	<u>2012</u>			<u>2011</u>		
	True	False	Don’t Know	True	False	Don’t Know
Target date funds become more conservative as you get closer to retirement.	67%	13%	20%	76%	9%	15%
At retirement, target date funds are invested in a mix of stocks and bonds.	63%	15%	22%	64%	15%	22%

Bold indicates correct answer. Percentages may not sum to 100 due to rounding.

Conversely, similar to the findings in the SEC investor testing, our research showed that many respondents incorrectly believed that target date funds guarantee a sufficient level of retirement income. However, we have seen some improvements in the understanding of this concept in 2012 from 2011.



Securities and Exchange Commission
 May 18, 2012
 Page 3

For each statement below, please select an answer based on what you know about target date funds.	2012			2011		
	True	False	Don't Know	True	False	Don't Know
Target date funds guarantee that you will meet your income needs in retirement.	37%	41%	22%	51%	30%	19%
If you invest in target date funds, your account balance is guaranteed to never go down.	34%	43%	23%	43%	41%	16%

***Bold** indicates correct answer. Percentages may not sum to 100 due to rounding.*

Based on the results of the SEC’s recent investor testing on target date funds and our similar annual research, as well as our experience in communicating about target date funds to our clients’ plan participants over the past several years, AllianceBernstein respectfully submits the following three recommendations for consideration regarding requirements for highlighting certain key features of target date funds:

Recommendation: Require a Glide Path Graphic and Asset Allocation Table

AllianceBernstein strongly supports the Proposal’s requirement that target date fund material include a graphical depiction of the glide path. What’s more, because we believe that participants have different preferences for reading and learning about investment concepts, we also recommend that asset allocation be displayed in a corresponding numerals-based table of rates. Both the glide path graphic and complementary asset allocation table of rates should clearly show how the target date fund’s asset allocation changes over time and when it reaches its final landing point. We recommend this be accomplished via incremental references to “years before the target retirement date” and “years after the target date”—with specific highlights for the asset allocation “at the target date” and “at the final landing point.”

Recommendation: Do Not Require an Asset Allocation at Target Date “Tag Line”

Because AllianceBernstein believes employees need to understand that a target date fund’s asset allocation will change over time—including possibly after a target retirement date is reached in a “through” retirement (vs. “to” retirement) asset allocation design—we feel the Proposal’s requirement to include a “tag line” at the first reference of a particular target date fund name can be confusing and misleading to a reader. By seeing a general reference such as “60% stock / 30% bonds / 10% cash equivalents,” participants may question at what point does the asset allocation shown apply for the specific fund (e.g., Pre target date? At target date? Post target date? At final landing point date?). What’s more, AllianceBernstein feels that because the recent SEC investor testing did not conclusively show that including a tag line (with or without a glide path graphic) aided in a participant’s understanding of the correct asset allocation at the target date, the



Securities and Exchange Commission
May 18, 2012
Page 4

requirement to include a tag line would not provide meaningful context—and, we believe, could cause greater confusion for the reader.

Recommendation: Require Text-Based and Visual Disclosures

One of the most concerning areas of participant misperceptions from the SEC investor testing research on target date funds, and our firm’s similar research, is the belief by many respondents that target date funds never lose value and that the funds guarantee a certain income in retirement. As such, AllianceBernstein strongly supports the Proposal’s requirement that specific disclosure text statements related to these items be included in target date fund materials. We further support the Proposal’s requirement to include various disclosure text statements that:

- Highlight the fund’s final asset allocation;
- Explain that asset allocations may be subject to change;
- Explain that a fund should not be selected based solely on age or retirement date; and
- Explain that a fund is not a guaranteed investment nor can promise guaranteed income in retirement.

However, based on the idea that a “picture can often be worth a thousand words,” AllianceBernstein believes it would be helpful if, in addition to the text statements, a visual graphic “lock up” of related target date fund disclosures were included in the materials. (This suggestion borrows from similar FINRA disclosure requirements.) Here is a possible sample of such a visual disclosure that AllianceBernstein is currently using on our target date fund materials for clients:

Investment Products Offered • Are Not FDIC Insured • May Lose Value • Are Not Bank Guaranteed
Investing in a target date fund does not guarantee sufficient income in retirement.

It is our feeling that if a short, visual treatment like the sample above is prominently placed (such as at the bottom of the first page of any target date fund materials), it may have a greater chance of attracting a reader’s initial attention to the intended key messages—and of reinforcing these key messages over time—than disclosure statement text alone.

Thank you for the opportunity to provide our views on the Proposal. If you have any questions or would like additional information, please do not hesitate to contact me.

Sincerely,

Daniel A. Notto