

MEMO# 26085

April 26, 2012

Updated Sample Glossary of Investment-Related Terms for Participant Disclosure

[26085]

April 26, 2012

TO: PENSION MEMBERS No. 18-12
BANK, TRUST AND RETIREMENT ADVISORY COMMITTEE No. 19-12 RE: UPDATED SAMPLE GLOSSARY OF INVESTMENT-RELATED TERMS FOR PARTICIPANT DISCLOSURE

ICI and The SPARK Institute have updated the attached sample glossary of investment-related terms for purposes of the DOL regulation under ERISA section 404(a), requiring disclosure of certain plan and investment-related information to participants in participant-directed defined contribution plans. [1] Those regulations require plan administrators to provide participants with a general glossary of terms to assist in understanding the plan's designated investment alternatives, or a website where the glossary is located.

We originally released the sample glossary in December, 2011. [2] The new Version 1.01 contains revisions relating to the terms "Cash Equivalent" and "Market Capitalization or Market Cap." In defining the term "Cash Equivalent," we added a reference to "Cash Alternative" and modified the definitions of "Asset Allocation" and "Asset Class" to reflect that change. The revised definition of "Market Capitalization or Market Cap" is a correction.

The revised sample glossary is publicly available on ICI's website, at http://www.ici.org/401k/11_401k_glos. The terms defined in the glossary apply to a wide range of plans and investments and the definitions are written in plain language wherever possible. ICI members and anyone else using the sample glossary may modify it by adding terms or changing definitions, as appropriate.

The glossary was developed by ICI and SPARK, and endorsed by the American Benefits Council, American Council of Life Insurers, American Society of Pension Professionals & Actuaries, and Society for Human Resource Management.

Elena Barone Chism
Associate Counsel

[Attachment \(in .pdf format\)](#)

[Attachment \(in .doc format\)](#)

endnotes

[1] See [Memorandum](#) to Pension Members No. 49-10, Transfer Agent Advisory Committee No. 76-10, Bank, Trust and Recordkeeper Advisory Committee No. 49-10, Broker/Dealer Advisory Committee No. 56-10, and Operations Committee No. 37-10 [24702], dated November 11, 2010.

[2] See [Memorandum](#) to Pension Members No. 70-11 [25725], dated December 19, 2011.

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