

MEMO# 24878

January 14, 2011

ICI Files Comment Letter on DOL Target Date Disclosure Proposal

[24878]

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TO: PENSION MEMBERS No. 5-11
SEC RULES MEMBERS No. 8-11
ADVERTISING COMPLIANCE ADVISORY COMMITTEE No. 2-11
TRANSFER AGENT ADVISORY COMMITTEE No. 6-11
BANK, TRUST AND RECORDKEEPER ADVISORY COMMITTEE No. 6-11
OPERATIONS COMMITTEE No. 3-11 RE: ICI FILES COMMENT LETTER ON DOL TARGET DATE DISCLOSURE PROPOSAL

The Institute filed the attached comment letter on the Department of Labor's proposal to add target date disclosure to existing rules on qualified default investment alternatives and participant disclosure. [\[1\]](#) The letter strongly supports the Department's approach of requiring that all participants receive information about a target date fund's asset allocation over time, the significance of the target date and the risk the product may entail, and suggests two ways in which the Department may want to clarify the requirements.

- The proposed rule allows flexibility in how a glide path illustration is presented provided that the illustration does not obscure or impede a participant's understanding. Our letter supports this approach but recommends that the Department clarify in the preamble to the final regulation what, if any, important differences it sees between the new "impede or obscure" standard and the standard it has used previously that disclosure be written in a manner calculated to be understood by the average plan participant.
- The letter also recommends that the Department make clear that the requirement to disclose any contribution and withdrawal assumptions does not require quantitative disclosures about contribution or withdrawal levels.

The Department asked whether it should require additional consistency between the information required in a QDIA notice and that required under the participant disclosure regulation. Our letter describes how the two different approaches taken in the two regulations on whether risk information is included in the document delivered to

participants or made available on a web site may be problematic, and asks the Department to re-examine the discrepancy. The Institute letter also recommends that the Department allow plans and providers flexibility to combine the content of the QDIA notice with the material required under the participant disclosure regulation.

Finally, our letter recommends that the effective date for the target date amendments to the QDIA notice and the participant disclosure regulation not be earlier than the date by which plans must comply with the participant disclosure regulation, and that the Department consider whether 90 days are sufficient to develop and update any new target date fund disclosures that plans must provide to all participants.

Anna Driggs
Associate Counsel

[Attachment](#)

endnotes

[1] See [Memorandum](#) to Pension Members No. 57-10, SEC Rules Members No. 131-10, Small Funds Members No. 79-10, Advertising Compliance Advisory Committee No. 6-10, Transfer Agent Advisory Committee No. 79-10, Bank, Trust and Recordkeeper Advisory Committee No. 51-10, Operations Committee No. 38-10 [24754], dated December 2, 2010.

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