

MEMO# 30802

July 27, 2017

Connecticut Enacts Law Requiring New Disclosure for Non-ERISA 403(b) Plans

[30802]

July 27, 2017

TO: ICI Members Pension Committee Pension Operations Advisory Committee SUBJECTS: Pension RE: Connecticut Enacts Law Requiring New Disclosure for Non-ERISA 403(b) Plans

Connecticut has enacted a law that requires new disclosures for non-ERISA 403(b) plans that are offered by a political subdivision of the state (e.g., school districts), beginning on January 1, 2019.^[1] Companies that administer such plans must make the disclosure to each plan participant upon initial enrollment in the plan and at least annually. The disclosure must include the following items:

- (1) the fee ratio and return, net of fees, for each investment under the retirement plan, and
- (2) the fees paid to any person who, for compensation, engages in the business of providing investment advice to participants in the retirement plan either directly or through publications or writings.

The new law does not apply with respect to participants in Connecticut's state-employee 403(b) plan. As a reminder, non-ERISA 403(b) plans are not subject to the DOL fiduciary rule, nor to the fee disclosure requirements under ERISA.^[2]

Shannon Salinas
Assistant General Counsel - Retirement Policy

endnotes

^[1] Connecticut H.B. 7161 was signed into law by Connecticut Governor Malloy on June 27, 2017. The bill text is available here:
<https://www.cga.ct.gov/2017/ACT/pa/2017PA-00142-R00HB-07161-PA.htm>.

^[2] Although DOL's requirement to disclose fees to participants through a comparative

chart does not apply to non-ERISA 403(b) plans, some providers opt to voluntarily provide this information at the request of the plan sponsor. In 2015, SEC staff issued a no-action letter to enable this disclosure, clarifying that this material will satisfy the requirements of Rule 482 under the Securities Act of 1933 if specified conditions are met. See ICI Memorandum No. 28778, dated February 26, 2015, available here: https://www.ici.org/my_ici/memorandum/memo28778, and ICI Memorandum No. 29499, dated November 17, 2015, available here: https://www.ici.org/my_ici/memorandum/memo29499.

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.