

MEMO# 25869

February 6, 2012

E-delivery Initiatives: Your Input is Requested

ACTION REQUESTED

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TO: PENSION COMMITTEE No. 5-12

PENSION OPERATIONS ADVISORY COMMITTEE No. 5-12 RE: E-DELIVERY INITIATIVES; YOUR INPUT IS REQUESTED

This memorandum identifies the Institute's priorities for e-delivery and requests your input on a number of research projects. Our immediate priority is to preserve the approach in Field Assistance Bulletin 2006-03 that permits delivery of benefit statement information via a continuous access secure web site. [\[1\]](#) The Department of Labor adopted the FAB approach on an interim basis for quarterly benefit statements and recently rejected requests to extend the FAB delivery methods to the new participant disclosure requirements under 29 CFR 2550.404a-5 (setting forth instead a regime of notices and consents to e-delivery that is more complex than the current e-delivery safe harbor [\[2\]](#)). We anticipate the Department will consider the FAB when it publishes benefit statement proposed rules this year. [\[3\]](#) We also plan to continue to urge the Department to extend the FAB approach to the 404a-5 disclosures.

Preserving the FAB Approach

Based on discussions with members, it seems clear the FAB approach has worked well. Being able to show the Department of Labor a successful track record for the FAB from a participant's perspective may be critical to preserving it and extending its application going forward.

To make the case both for preserving the FAB for benefit statements and extending it broadly to other ERISA disclosures, [\[4\]](#) we would like to do the following:

1. Use member companies' research on e-delivery. Please let us know whether your firm has conducted any household or individual surveys asking questions designed to gauge participants' reactions to e-delivery. In particular, we would appreciate any information you may have gathered regarding participants' preferred communication methods and whether participants' preferences vary depending on the nature of the

communication, i.e., does the type of communication impact whether participants prefer to receive it by mail, via a phone rep or electronically. Please provide relevant summary documents (research papers, spreadsheets, PowerPoint presentations) that present those survey results. Please indicate whether the material is to be treated as confidential or is in the public domain. We would like to gather this information by February 29, 2012. Please submit this information to Sarah Holden at sholden@ici.org or the undersigned at adriggs@ici.org.

To the extent you are planning any surveys on this topic in the near future, please let us know if you will be willing to add a question or two so that question wording can be consistent both across firms and with our other efforts.

2. Update the ICI Participant Disclosure and Interaction Survey (2011). In early 2011, ICI surveyed a cross-section of defined contribution plan recordkeepers representing a range of types of recordkeepers (e.g., mutual fund companies, insurance companies, banks, brokerage firms, third-party administrators) and a range of sizes of DC plans in their systems. In total, at year-end 2010, the recordkeepers surveyed covered 27 million DC accounts. As a result of this survey, we were able to advise the Department that 60 percent of DC plan participants accessed their DC plan web site during 2010 and 52 percent of DC plan participants received quarterly benefits statements only electronically. (For other details of this survey, see ICI Comment Letter to DOL on the E-delivery RFI. [\[5\]](#))

We want to update and supplement this survey for year-end 2011. If you have a recordkeeping system covering DC plans, please complete the attached spreadsheet, which repeats a (simplified) subset of the questions gathered for year-end 2010; and presents a few new questions (indicated with red numbers: 2A, 2B, 2C, and 7A). We would like to gather this information by February 29, 2012. Please submit your answers to Sarah Holden at sholden@ici.org.

3. Develop a new survey to explore the acceptance of e-delivery (and especially the FAB's web approach) by DC plan participants and whether e-delivery is associated with higher degrees of engagement among DC plan participants. As a first step, we would like your feedback regarding the possible survey topics below and whether gathering such information is feasible through your recordkeeping systems. We would also welcome being advised of other metrics that you collect that provide insight into the electronic engagement of DC plan participants. Please submit your suggestions to the undersigned at adriggs@ici.org or Sarah Holden at sholden@ici.org by February 17, 2012.

For example, can/do you track:

- A. Among DC plan participants who were defaulted to receive quarterly benefit statements via the plan web site only (i.e., paper statements are no longer sent to these participants), how many "opt" back in for paper statements?
- B. Among DC plan participants who are sent emails regarding availability of quarterly benefit statements, how many participants open the emails?
- C. Among DC plan participants who are sent emails regarding the availability of quarterly benefit statements, if a link to the plan web site or the account statement is provided in the benefit statement notification email, how many participants click through to the account information?

- a. Among DC participants clicking through to see their account statements, how many engage in additional activity beyond looking at their statements? Are you able to report what activities they do—e.g., make a change to their investments or contribution specifications; use retirement income calculator, read newsletter online—in addition to checking their account balance?
- D. Are you able to track whether the number of participants visiting plan web sites changes in response to the emailing of the quarterly benefit statement notification and/or mailing of the paper quarterly benefit statements?
- E. For those participants that access a plan web site, do you track the dates of access?
 - a. If the dates of access are tracked, do you have the ability to determine whether the date of last access was in any 12-month period?
 - b. If you are able to determine the date of last access in any 12-month period, do you have the ability to separate those participants into a distribution list to receive information electronically?

To the extent you are able to track the activities listed above, please let us know if you are able to report how these activities vary with participant demographics (e.g., age, income/household income, education).

Extending the FAB Approach to the Section 404a-5 Disclosures

In continuing to urge the Department to extend the FAB approach to the section 404a-5 disclosures and particularly to the comparative chart information, it would be helpful to have data on the actual costs incurred this year in delivering this information in paper. Your companies may already plan to track these costs and we want to encourage you to track them. For our survey, we will ask for information about all costs incurred and break-down the costs by the type of document (color vs. black and white); the type of printing (offset vs. on-demand); the range of page lengths (for a range of number of investment options) of the disclosures; mailing cost and type (e.g., first-class, presorted, or bulk) across the plans in your recordkeeping system (controlling for variation in plan size). We are anticipating distributing this survey late February-early March.

We very much appreciate your help and input on these initiatives. We will continue to reach out to our Committees on these issues and we may reach out to individual companies. Unless you have already done so, please provide the undersigned with a name of the contact person at your firm who should be our contact person on e-delivery.

Anna Driggs
Associate Counsel

[Attachment - spreadsheet](#)

[Attachment - pdf](#)

endnotes

[1] See [Memorandum](#) to Pension Members No. 75-06 [20718], dated December 21, 2006.

[2] See [Memorandum](#) to Pension Members No. 65-11, Operations Members No. 24-11, Bank, Trust and Retirement Advisory Committee No. 78-11, Transfer Agent Advisory Committee No. 103-11 [25703], dated December 9, 2011.

[3] According to the Department's most recent regulatory agenda, the Department anticipates publishing proposed rule on benefit statements in June 2012. See <http://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201110&RIN=1210-AB20>.

[4] See [Memorandum](#) to Pension Members No. 29-11 [25262], dated June 8, 2011; also [Memorandum](#) to Pension Members No. 30-11 [25720], dated June 9, 2011.

[5] See [Memorandum](#) to Pension Members No. 30-11 [25720], dated June 9, 2011.

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