

MEMO# 21333

July 3, 2007

Draft Joint Participant Disclosure Principles, Comments Requested by July 10

[21333]

July 3, 2007

TO: PENSION COMMITTEE No. 18-07
PENSION OPERATIONS ADVISORY COMMITTEE No. 20-07 RE: DRAFT JOINT PARTICIPANT DISCLOSURE PRINCIPLES, COMMENTS REQUESTED BY JULY 10

The Institute has been working with a coalition of trade associations [\[1\]](#) to develop a set of principals regarding disclosure of fee information to participants in defined contribution plans. This effort follows our work last year to develop a joint submission to the Department of Labor regarding disclosure of fees and services to plan sponsors. [\[2\]](#)

Attached is a draft set of principles for your review. The draft states that disclosure should not be limited to fees, but that fees should be disclosed alongside other key information, and the disclosure should apply to all participant-directed plans and all products offered under a plan to participants. The draft principles emphasizes that disclosure to plan participants serves different needs than fee disclosure to plan sponsors; detailed information about payments by and among various providers will overwhelm participants and not assist in sound decision making.

The draft recommends that participants receive at enrollment fees and other key information on investment choices, and participants should be told annually where this information can be found. Participant-initiated transaction charges (such as plan loans) should be disclosed when the transaction or plan feature is used.

This draft will be submitted to the Department of Labor in connection with its Request for Information, [\[3\]](#) although the groups began this process before the Department released its RFI. The groups will be developing a shorter version of the principles to be used as talking

points. The Institute will submit its own comment letter to DOL in response to the RFI, a draft of which will be circulated to you shortly.

Please provide comments by Tuesday, July 10, to Michael Hadley (mhadley@ici.org or 202-326-5810) or Mary Podesta (podesta@ici.org or 202-326-5826).

Michael L. Hadley
Assistant Counsel

[Attachment](#)

endnotes

[1] The groups are the Institute, the American Benefits Council (ABC), the ERISA Industry Committee (ERIC), the American Council of Life Insurers (ACLI), the Security Industry and Financial Markets Association (SIFMA), the American Bankers Association (ABA), the Committee on Investment of Employee Benefit Assets of the Association for Financial Professionals (CEIBA), and the Profit Sharing/401k Council of America (PSCA).

[2] See [Memorandum](#) to Pension Members No. 47-07 [20230], dated August 1, 2006.

[3] See [Memorandum](#) to Pension Committee No. 11-07 and Pension Operations Advisory Committee No. 11-07 [21080], dated April 25, 2007.

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