

MEMO# 31186

May 1, 2018

ICI and ARA Submit Updated Study on e-Delivery to DOL

[31186]

May 1, 2018 TO: ICI Members

Pension Committee

Pension Operations Advisory Committee SUBJECTS: Pension RE: ICI and ARA Submit Updated Study on e-Delivery to DOL

The Institute, along with the American Retirement Association (ARA), sent the attached letter to the Department of Labor (DOL), transmitting a 2018 update to the 2011 white paper, “Delivering ERISA Disclosure for Defined Contribution Plans: Why the Time Has Come to Prefer Electronic Delivery.”[\[1\]](#)

In 2011, ICI, along with the American Society of Pension Professionals and Actuaries (ASPPA), and the American Council of Life Insurers (ACLI), commissioned Professor Peter Swire[\[2\]](#) to prepare the 2011 white paper, which examined whether DOL should change its regulations governing the choice between paper and electronic delivery of required information and notices to participants under ERISA. The white paper found that there were compelling reasons to shift the default method to electronic delivery for DC plan participants.

ICI and ARA (the new umbrella organization encompassing ASPPA) commissioned the 2018 update to the 2011 white paper, which Professor Swire recently completed.[\[3\]](#) The 2018 update concludes that the reasons to shift to electronic delivery have become even stronger during the intervening seven years. More specifically, the 2018 update finds:

- Internet usage has become virtually universal among most plan participants. As of 2016, 93 percent of households owning DC accounts have access to the internet, up from 86 percent in 2010.[\[4\]](#)
- Households with DC plan accounts use the internet at high rates, even if they are members of demographic groups that overall are less inclined to use the internet. For example, 79 percent of DC account-owning households with income between \$20,000 and \$39,999 make use of the internet, compared with just 67 percent of all US households with income in that range. Among households age 65 or older, 76 percent of DC account holders use the internet, compared with just 56 percent of all households in that age group.
- In 2016, 88 percent of households owning DC accounts engaged in online banking, just one example of the high and increasing comfort with using the internet for such

sensitive activities as financial transactions and medical communications.

- Plan participants who interact with their plan's website tend to have higher contribution rates.
- Since 2011, the quality of assistive technology on the internet has progressed greatly for the visually impaired and others with disabilities.
- The quality of translation software also has improved greatly since 2011: free translation software is now available to translate more than 100 languages, accounting for more than 99 percent of the online population.
- Electronic delivery is becoming the norm for the US government for delivery of notices. For example, the Social Security Administration, the Office of Personnel Management, and the federal Thrift Savings Plan often provide notices electronically.
- Plans would experience significant cost savings by changing the default delivery method to electronic delivery—savings that also would benefit plan participants. With an average of six mailings per year, assuming a cost of \$0.80 per notice to one participant, total printing and mailing costs for paper delivery could exceed \$385 million a year in aggregate.^[5]

As stated in the letter, ICI and ARA intend to follow up with a meeting to discuss these issues with DOL staff in the near future.

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[Attachment](#)

endnotes

^[1] The 2011 white paper is available at <https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-AB50/00074.pdf>. ICI, ASPPA and ACLI submitted the 2011 white paper to DOL in response to its request for information on electronic delivery for employee benefit plans.

^[2] Peter P. Swire is the Holder Chair of Law and Ethics at the Georgia Tech Scheller College of Business. He has appointments by courtesy with the College of Computing and School of Public Policy. He is Senior Fellow with the Future of Privacy Forum, a member of the National Academy of Sciences Forum on Cyber-Resiliency, and Senior Counsel with Alston & Bird, LLP. In 2015, the International Association of Privacy Professionals, among its over 20,000 members, awarded him its Privacy Leadership Award. His publications and other information are available at www.peterswire.net.

^[3] DeBrae Kennedy-Mayo coauthored the 2018 update. Ms. Kennedy-Mayo is a Research Faculty Member at the Georgia Institute of Technology, where she engages in research on legal and policy issues concerning privacy and cybersecurity. She has been an attorney for 15 years.

^[4] Note that 95 percent of US households owning mutual funds, a population that often owns mutual funds through DC accounts, have internet access. See Holden, Sarah, Daniel Schrass, and Michael Bogdan, *Ownership of Mutual Funds, Shareholder Sentiment, and Use*

of the Internet, 2017, ICI Research Perspective 23, no. 7 (October), available at <https://www.ici.org/pdf/per23-07.pdf>, at p. 18.

[5] To develop this estimate of the cost of paper delivery, ICI surveyed a number of its members who provide recordkeeping services to DC plans.

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