

MEMO# 26689

November 15, 2012

ICI Survey -- TDF Disclosures in Summary Prospectus and Prospectus; Responses are Due November 23

ACTION REQUESTED

[26689]

November 15, 2012

TO: PENSION COMMITTEE No. 31-12
PENSION OPERATIONS ADVISORY COMMITTEE No. 29-12
SEC RULES COMMITTEE No. 72-12
SMALL FUNDS COMMITTEE No. 28-12
ADVERTISING COMPLIANCE ADVISORY COMMITTEE No. 22-12 RE: ICI SURVEY -- TDF DISCLOSURES IN SUMMARY PROSPECTUS AND PROSPECTUS; RESPONSES ARE DUE NOVEMBER 23

As you know, in 2010, the Securities and Exchange Commission proposed a rule for target date fund ("TDF") advertising, [\[1\]](#) that, among other things, would require that certain information (including a glide path illustration) be included in any sales materials that have "a more than insubstantial focus" on TDFs. The proposal would impact most forms of advertising regardless of the media format used, including print ads, retirement plan enrollment materials, web pages, etc. For example, application of the rule would mean that certain TDF print ads would need to have a glide path illustration as well as certain narrative disclosure, which you may or may not be currently including in your TDF print ads.

We understand that the SEC has made it one of its priorities to finalize the proposed rule and, for this reason, we recently met with SEC staff to engage in a dialogue about our concerns with the application of certain requirements of the proposal. While our concerns and ongoing discussions with the staff go beyond the application of the proposed requirements to print ads, the purpose of this memorandum is to solicit your views on a possible alternative requirement that would apply to TDF advertising made through the print ad format. In this regard, we designed a short survey (see the link at the end of this memo) asking if your firm would support the SEC permitting fund companies that include a glide path illustration in a summary prospectus and/or a prospectus NOT to include all the proposed TDF disclosures in print ads. This alternative approach would be solely for the purpose of providing a fund company with the option not to include all the SEC-required

TDF disclosures in the print

The survey includes 5 brief questions for companies that offer TDFs and 2 questions for companies that do not offer TDFs. Please note that you must complete and remit the survey in a single session. If you would like to preview the survey questions prior to initiating the survey, please see the attached document. We estimate that the survey should take approximately 5 minutes or less. Individual responses will remain strictly confidential. At the beginning of the survey, we ask for the name and contact information of the person completing the survey. The purpose of this question is to help us ensure that we take into account only one answer per fund family. Participation in the survey is voluntary, but we encourage your participation.

The survey is available at: https://s.zoomerang.com/s/TDF_DisclosuresSurvey. The deadline for completing the survey is the close of business day on November 23, 2012.

If you have any questions about the survey, please contact the undersigned at adriggs@ici.org or (202) 218-3573.

Anna Driggs
Associate Counsel

[Attachment](#)

endnotes

[1] For a description of the SEC proposal, see [Memorandum](#) to Pension Members No. 26-10, SEC Rules Members No. 57-10, Small Funds Members No. 37-10, Investment Company Directors No. 13-10 [24390], dated June 25, 2010. For ICI's comment letter on the proposal, see [Memorandum](#) to Pension Members No. 35-10, SEC Rules Members No. 86-10, Small Funds Members No. 48-10, Advertising Compliance Advisory Committee No. 5-10, 529 Plan Advisory Committee No. 4-10 [24508], dated August 23, 2010. For ICI's comment letter on the SEC-sponsored TDF study (Investor Testing of Target Date Retirement Fund Comprehension and Communications), see [Memorandum](#) to Pension Committee No. 17-12, Pension Operations Advisory Committee No. 17-12, SEC Rules Committee No. 33-12, Small Funds Committee No. 16-12, Advertising Compliance Advisory Committee No. 13-12, 529 Plan Advisory Committee No. 3-12, Bank, Trust and Retirement Advisory Committee No. 22-12 [26184], dated May 23, 2012.