

MEMO# 24828

January 3, 2011

Draft Letter on DOL Target Date Disclosure Proposal; Member Comments due January 11

ACTION REQUESTED

[24828]

January 3, 2011

TO: PENSION COMMITTEE No. 1-11

PENSION OPERATIONS ADVISORY COMMITTEE No. 1-11 RE: DRAFT LETTER ON DOL TARGET DATE DISCLOSURE PROPOSAL; MEMBER COMMENTS DUE JANUARY 11

Attached for your review is a draft comment letter on the Department of Labor's proposal to add target date disclosure to existing rules on qualified default investment alternatives and participant disclosure. [\[1\]](#) We ask that you provide comments to the undersigned (adriggs@ici.org or 202-218-3573) by Tuesday, January 11th.

The draft letter supports the Department's approach of requiring that all participants receive the key pieces of information about target date funds – an explanation of the asset allocation over time and certain information on the significance of the target date and on risk – and suggests two places for clarification.

- The proposed rule allows flexibility in how a glide path illustration is presented provided that the illustration does not obscure or impede a participant's understanding. The draft letter supports this approach but recommends that the Department clarify in the preamble to the final regulation what, if any, essential differences it sees between the new "impede or obscure" standard and the standard it has used previously that disclosure be written in a manner calculated to be understood by the average plan participant.
- The letter also recommends that the Department make clear that the requirement to disclose any contribution and withdrawal assumptions does not require quantitative disclosures about contribution or withdrawal levels.

The Department asked whether it should require additional consistency between the information required in a QDIA notice and that required under the participant disclosure

regulation. Our letter points out the discrepancy in the two regulations on whether risk information is included in the document delivered to participants or made available on a web site, and asks the Department to re-examine the discrepancy. The letter also recommends that the Department allow plans and providers flexibility to combine the content of the QDIA notice with the material required under the participant disclosure regulation.

Finally, the letter recommends that the effective date for amendments to the QDIA notice and the participant disclosure regulation be the applicability date for the participant disclosure regulation or 90 days after publication of the final rules in the Federal Register, whichever is later.

Anna Driggs
Associate Counsel

[Attachment \(in .pdf format\)](#)

endnotes

[1] See [Memorandum](#) to Pension Committee No. 29-10, Pension Operations Advisory Committee No. 30-10 [24753], dated December 2, 2010.

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