

**MEMO# 25959**

March 1, 2012

# **SEC Releases a Study on Investor Testing of Target Date Retirement Fund Comprehension and Communications**

[25959]

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TO: PENSION COMMITTEE No. 8-12  
PENSION OPERATIONS ADVISORY COMMITTEE No. 8-12  
SEC RULES MEMBERS No. 21-12  
SMALL FUNDS COMMITTEE No. 5-12  
ADVERTISING COMPLIANCE ADVISORY COMMITTEE No. 8-12  
529 PLAN ADVISORY COMMITTEE No. 1-12 RE: SEC RELEASES A STUDY ON INVESTOR TESTING OF TARGET DATE RETIREMENT FUND COMPREHENSION AND COMMUNICATIONS

We would like to make you aware of a development related to the Securities and Exchange Commission's review of target date fund advertising. As you may remember, in June 2010, the SEC proposed to amend its advertising rules to clarify the meaning of a date in a target date fund's name and enhance the information provided to investors to address potential misunderstanding of these funds. [\[1\]](#) The SEC has just released a study it sponsored to test individual investors' understanding of target date funds and advertisements related to those funds. [\[2\]](#) Based on informal statements by the SEC staff, we understand that the SEC may re-open the comment period for the target date fund proposal to allow interested parties to comment on the relevance of the study to its proposed rule amendments. [\[3\]](#)

Anna Driggs  
Associate Counsel

## **endnotes**

[\[1\]](#) 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.

[2] The study is available for review at the SEC's comment page for the target date fund proposal: <http://www.sec.gov/comments/s7-12-10/s71210-58.pdf>.

[3] We also understand that SEC plans to share (or already shared) this report with the Department of Labor, which (in December 2010) published a disclosure proposal for target date funds used in 401(k) and other participant-directed plans. See [Memorandum](#) to Pension Members No. 57-10, SEC Rules Members No. 131-10, Small Funds Members No. 79-10, Advertising Compliance Advisory Committee No. 6-10, Transfer Agent Advisory Committee No. 79-10, Bank, Trust and Recordkeeper Advisory Committee No. 51-10, Operations Committee No. 38-10 [24754], dated December 2, 2010. For ICI's comment letter on the DOL proposal, see [Memorandum](#) to Pension Members No. 5-11, SEC Rules Members No. 8-11, Advertising Compliance Advisory Committee No. 2-11, Transfer Agent Advisory Committee No. 6-11, Bank, Trust and Recordkeeper Advisory Committee No. 6-11, Operations Committee No. 3-11 [24878], dated January 14, 2011.

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