

MEMO# 21387

July 24, 2007

Joint Trade Association Submission to DOL on Participant Disclosure

[21387]

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TO: PENSION MEMBERS No. 41-07
BANK, TRUST AND RECORDKEEPER ADVISORY COMMITTEE No. 24-07
BROKER/DEALER ADVISORY COMMITTEE No. 41-07
OPERATIONS COMMITTEE No. 18-07 RE: JOINT TRADE ASSOCIATION SUBMISSION TO DOL
ON PARTICIPANT DISCLOSURE

The Investment Company Institute, along with 11 other trade associations, [\[1\]](#) today jointly submitted to the Department of Labor the attached recommendations on disclosure of fee and other information to participants in defined contribution plans. This effort follows our work last year to develop a joint submission to DOL regarding disclosure of fees and services to plan sponsors. [\[2\]](#) The submission was made in response to the Department's request for information on this topic, [\[3\]](#) although the organizations began the process of creating these recommendations prior to DOL issuing its request for information.

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

The cover letter states that DOL has both the statutory authority and institutional expertise to improve disclosure of fee information to participants without new legislation.

Michael L. Hadley
Assistant Counsel

[Attachment](#)

endnotes

[1] In addition to the Institute, the organizations that have signed on to the submission are the American Bankers Association, the American Benefits Council, the American Council of Life Insurers, the Committee on Investment of Employee Benefit Assets, the ERISA Industry Committee, the Financial Services Roundtable, the National Association of Manufacturers, the Profit Sharing/401(k) Council of America, the Securities Industry and Financial Markets Association, the Society for Human Resource Management, and the U.S. Chamber of Commerce.

[2] See [Memorandum](#) to Pension Members No. 47-06 [20230], dated August 1, 2006.

[3] See [Memorandum](#) to Pension Members No. 24-07 [21079], dated April 25, 2007. For a copy of the Institute's response to DOL's request for information see [Memorandum](#) to Pension Members No. 40-07 [21383], dated July 20, 2007.

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