

MEMO# 11502

December 29, 1999

INSTITUTE DRAFT COMMENT LETTER ON THE DEPARTMENT OF LABOR'S SMALL PLAN ASSET PROPOSED REGULATIONS

1 See Institute Memorandum to Pension Committee No. 68-99, and Pension Operations Advisory Committee No. 54-99, dated December 1, 1999. [11502] December 29, 1999 TO: PENSION COMMITTEE No. 74-99 PENSION OPERATIONS ADVISORY COMMITTEE No. 62-99 AD HOC COMMITTEE ON SMALL PLAN ASSET REGULATION RE: INSTITUTE DRAFT COMMENT LETTER ON THE DEPARTMENT OF LABOR'S SMALL PLAN ASSET PROPOSED REGULATIONS

The Department of Labor released its proposed regulations on small pension plan security amendments in early December.¹ Comments on the proposed regulations are due by Monday, January 31, 2000. We held a conference call on Friday, December 17, to discuss the Institute's comment letter on the proposed regulations. On the call, we decided to make three recommendations in our comment letter as follows: (1) include the definition of "investment in mutual funds" in the proposed regulations' definition of "qualifying plan assets"; (2) allow small plans whose participants and beneficiaries receive account statements directly from an independent qualifying recordkeeper to waive the annual audit requirement; and (3) oppose the Department's proposal to require small plans to file schedules of plan assets similar to those required under Form 5500 for large plans. We request that you provide us specific feedback on the following issues: (1) whether mutual fund complexes currently provide small plans with reports that reflect the amount of plan assets held as of the end of the plan year, and if not, whether this reporting requirement is feasible to implement; (2) whether plan reports that mutual fund companies currently provide small plans sponsors should satisfy the disclosure requirement under the proposed regulations; (3) whether we should suggest that small plans whose participants and beneficiaries receive account statements at least quarterly from an independent plan service provider may waive the annual audit requirement; and (4) whether we should oppose the Department's proposal to require small plans to file schedules of plan assets similar to those required for large plans under Form 5500. I have attached a copy of the draft comment letter for your review. In order to assure that we are able to revise the draft comment letter to reflect member suggestions and recirculate a draft before the comment letter deadline of January 31, we ask that you provide us your comments by COB Wednesday, January 12, 2000. You may forward your comments via email to ricard@ici.org; fax to Kathryn Ricard at (202) 326-5841 or call me at (202) 218-3563. Kathryn A. Ricard Associate Counsel Attachment

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.