

MEMO# 10912

April 19, 1999

401(K) PLAN FEE DISCLOSURE FORM

[10912] April 19, 1999 TO: PENSION COMMITTEE No. 28-99 AD HOC COMMITTEE ON
UNIFORM 401(K) PLAN FEE DISCLOSURE FORM RE: 401(K) PLAN FEE DISCLOSURE FORM

As you are aware, the Department of Labor has requested that the Institute, the American Council of Life Insurance (ACLI), the American Bankers Association (ABA) and the Profit Sharing/401(k) Council of America (PSCA) work together to develop a uniform fee disclosure form for 401(k) plan fees. Each of the associations has developed a draft disclosure form with the assistance of its members. The associations have met several times this year to discuss the format of the uniform 401(k) fee disclosure form. Recently, the ACLI, ABA and PSCA agreed to use the Institute's draft disclosure form as the basis of the uniform fee disclosure form. As a result of comments from the ACLI, ABA and PSCA, the Institute's draft disclosure form has been modified as follows: (1) Schedule A includes charts for Brokerage Window, Other Product and Other Product-Related Charges and Expenses; (2) Schedules B, C and D contain a column for "rate/estimate" (to indicate the method of calculation of the plan expense) and "total cost" (to indicate the total cost of the service, including the flat rate charge); and (3) Schedule E contains a complete list of definition of terms. The associations have agreed to circulate the revised draft of the Institute's disclosure form to their members for comment. Attached for your review is a copy of the revised draft of the Institute's uniform 401(k) plan fee disclosure form. Please review the revised draft of the 401(k) plan fee disclosure form and forward your comments to either myself or Russ Galer by COB Tuesday, May 4, 1999. You may fax your comments to (202) 326-5841, email them to ricard@ici.org or rgaler@ici.org. In the alternative, you may call me at (202) 218-3563 or Russ Galer at (202) 326-5835 with comments or questions on the revised draft disclosure form. The associations have scheduled a follow-up meeting in mid-May to discuss their member comments on the uniform 401(k) fee disclosure form. Kathryn A. Ricard Assistant Counsel Attachment