

MEMO# 11057

June 17, 1999

INSTITUTE SUBMITS DISCUSSION DRAFT OF UNIFORM 401(K) FEE DISCLOSURE FORM TO DEPARTMENT OF LABOR

[11057] June 17, 1999 TO: PENSION COMMITTEE No. 39-99 AD HOC COMMITTEE ON
UNIFORM 401(k) FEE DISCLOSURE FORM RE: INSTITUTE SUBMITS DISCUSSION DRAFT OF
UNIFORM 401(K) FEE DISCLOSURE FORM TO DEPARTMENT OF LABOR

On
Wednesday, June 16, 1999, representatives of the Institute, the American Council of Life Insurance ("ACLI") and the American Bankers Association ("ABA") met with Department of Labor officials to present a discussion draft of the uniform 401(k) plan fee disclosure form. The Department noted that it was very pleased with the contents of the discussion draft and reiterated its appreciation of the collaborative efforts of the ABA, ACLI and the Institute in working together and developing a uniform fee disclosure form for 401(k) plan expenses. Because the Department is reviewing the disclosure form, we ask that you limit circulation of the discussion draft as much as possible at this time. The disclosure form includes the following sections: Overview, Total Plan Expenses, Schedule A (Investment Product Fees/Estimates), Schedule B (Plan Administration Expenses), Schedule C (One Time Start-Up/Conversion Expenses), Schedule D (Service Provider Termination Expenses) and Schedule E (Definition of Terms). The Overview section provides an overview of the purpose of the disclosure form and a general description of how 401(k) plan expenses are calculated. The Total Plan Expenses section represents total 401(k) plan expenses and includes the following four parts: (I) investment product fees, which lists total expenses for each type of investment product; (II) plan administration expenses, which lists the total plan administration expenses for the plan; (III) plan start-up or conversion related charges, which lists total expenses for start-up plans or conversion plan services; and (IV) service provider termination related charges, which provides the total plan expenses related to service provider termination. Schedules A through D contain detailed information for each of the four parts of the Total Plan Expenses section. For example, Schedule A contains detailed fee calculations for each type of investment product included in the plan, which when added up, correspond to the total investment product fees listed in part I of the Total Plan Expenses section. Schedule B contains detailed information regarding the types of plan administration services provided by the service provider and the cost of each service, which when added up, correspond to the total plan administration expenses listed in part II of the Total Plan Expenses section. Schedule E contains a glossary of terms used throughout the disclosure form. A copy of the discussion draft is attached. If you have any questions or comments on the disclosure form, please call me at (202) 218-3563 or Russ Galer at (202) 326-5835. Kathryn A. Ricard Assistant Counsel Attachment

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