

MEMO# 7969

June 14, 1996

FINAL DOL INTERPRETIVE BULLETIN ON EDUCATION AND ADVICE

* See Institute Memorandum to Board of Governors No. 78-95, dated December 15, 1995.
June 14, 1996 TO: BOARD OF GOVERNORS No. 30-96 RE: FINAL DOL INTERPRETIVE
BULLETIN ON EDUCATION AND ADVICE

_____ As we
previously informed you, the Department of Labor released last December a draft
interpretive bulletin defining those circumstances in which information provided to a
retirement plan participant may be deemed to be education rather than investment
advice.* This distinction is significant because the provision of "investment advice" could
cause a fund company or other provider of information to become subject to potential
liability under ERISA. We are pleased to advise you that the Department has now published
in final, its interpretive bulletin on participant investment education (see attached). The
final bulletin reflects a number of comments raised by the Institute with respect to the
earlier draft and, most importantly, adopts an expansive approach to the definition of
investment education. As a result, employers, fund companies and other service providers
may offer the types of participant educational material described in the bulletin's safe
harbor categories without giving rise to fiduciary status under ERISA. We will keep you
informed of developments. Paul Schott Stevens Senior Vice President General Counsel
Attachment

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