

**MEMO# 10581**

December 18, 1998

## **DEPARTMENT OF LABOR RELEASES MEMORANDUM ON Y2K ISSUES**

1 See Institute Memorandum to Pension Committee No. 56-98 and Pension Operations Advisory Committee No. 41-98, dated August 28, 1998. [10581] December 18, 1998 TO: PENSION COMMITTEE No. 89-98 PENSION OPERATIONS ADVISORY COMMITTEE No. 72-98 RE: DEPARTMENT OF LABOR RELEASES MEMORANDUM ON Y2K ISSUES

The Department of Labor has recently released a memorandum that restates the general guidance issued to the Pension and Welfare Benefits Administration's Regional and District Offices to assist investigators in evaluating the potential fiduciary liability arising from the effect of the Y2K computer issue on the operation of employee benefit plans. This summer, the Department released two press releases and informal guidance in the form of questions and answers relating to fiduciary responsibilities concerning the Y2K issue.<sup>1</sup> This memorandum includes sample questions distributed to the Regional and District Offices to assist field office staff in conducting Y2K reviews. The memorandum states that in evaluating whether a plan fiduciary has implemented a prudent procedure to protect the plan's interests with regard to Y2K compliance, the fiduciary should evaluate the following: (1) the plan's own computer system; (2) the plan sponsor's computer system; (3) the plan service provider's computer system; and (4) the computer systems relating to the plan's investments. In addition, the plan fiduciary should establish and implement a contingency plan designed to protect the interests of the plan and its participants and beneficiaries in the event a Y2K problem arises. The attachment to the memorandum contains sample fiduciary questions sent to Department investigators regarding the Y2K issue. The categories of questions are as follows: (1) plan's internal computer operations; (2) external computer operations of plan service providers; (3) plan sponsor's computer system; (4) investigations focused on financial institutions; and (5) investment-related issues. A copy of the memorandum is attached. Kathryn A. Ricard Assistant Counsel Attachment