

VIDEO

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Focus on Funds: Digital Trend Continues to Transform Investor Communications

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New rules governing electronic delivery of 401(k) disclosures are now final. In the June 26, 2020, edition of *Focus on Funds*, ICI Assistant General Counsel Shannon Salinas describes the latest regulatory developments and broader efforts to modernize how funds engage with their shareholders.

Stephanie Ortvals-Tibbs, ICI director of media relations: Shannon, really exciting news for funds and their investors in terms of bringing this further into the digital age and getting rid of some of that paper baggage.

Shannon Salinas, ICI assistant general counsel for retirement policy: This is very exciting news. The Department of Labor [DOL] recently modernized its electronic delivery rules for delivering ERISA-required notices to retirement plan participants.

Ortvals-Tibbs: And this is something we've worked on for a very long time.

Salinas: Yes. We've been working on this—especially with the Department of Labor—for years. Most recently, they issued a proposed rule in October, and this final rule looks a lot like the proposal. But they did make a few improvements based on the comments they received.

Ortvals-Tibbs: There are a few complexities here that funds need to be aware of in their investor communications.

Salinas: Yes. The primary concern we have relates to prior guidance that DOL had issued, which provides a very flexible way for them to post quarterly benefits statements on the website. Now, in the new safe harbor that DOL issued, they announced that they're doing away with that guidance, which is a concern to a lot of plans because they've been relying on it for 14 years. But DOL did give a transition period of 18 months.

Ortvals-Tibbs: Shannon, for true paper lovers—and there are a few of them out there, not many—they certainly can still get the material that way if they wish.

Salinas: Yes. There are very important protections as part of this rule. One is that every participant will get a notice, in paper, telling them their rights to keep receiving paper if they wish. And then on an ongoing basis, participants can receive any document they want in paper, free of charge, and are able to opt out of electronic delivery entirely if that's what they choose.

Ortbals-Tibbs: This is also certainly not the end of the story in terms of all the innovation that we're trying to deliver to investors. Plans, fund companies—everyone's experimenting and doing some really exciting things.

Salinas: We're working on behalf of our members on new innovations that they can use to engage investors. It's a very exciting area because we're really seeing the real benefits of technology here.

Additional Resources

- [ICI Comment: Electronic Delivery of Disclosure for Workplace Retirement Plans](#)
- [ICI Research: Mutual Fund Shareholder's Use of Information](#)
- [ICI Policy Priorities: Electronic Delivery](#)

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