

## VIDEO

November 1, 2019

# Focus on Funds: 401(k) Disclosure Rules Meet the Modern Age

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## 401(k) Disclosure Rules Meet the Modern Age

For the first time since smartphones became common, the rules governing delivery of 401(k) disclosures are changing. In the November 1, 2019, edition of *Focus on Funds*, ICI assistant general counsel Shannon Salinas details how the rules are being modernized, and what it could mean for 401(k) account holders.

### Transcript

**Stephanie Ortvals-Tibbs, ICI director of media relations:** There's new progress in the use of electronic delivery—or e-delivery, as it's known. ICI's retirement policy team has been working on this issue for years, and Assistant General Counsel Shannon Salinas is going to bring us up to date.

**Shannon Salinas, ICI assistant general counsel:** This is very exciting because the current rules were drafted in 2002. And to put it into context, that is five years before the iPhone was invented. So a lot has happened in technology since then, and we've become much more comfortable using technology.

Eighty-eight percent of households that own defined contribution plans engage in online banking, so that really shows how comfortable people are today engaging online for sensitive activities.

**Ortvals-Tibbs:** There are a lot of different benefits to e-delivery for investors.

**Salinas:** Members have given us a lot of data to back this up. Participants who are engaged online are saving more—they're saving 11 percent, on average, compared to 6 [percent] for participants who are not engaged online. They also have higher balances as a result. Average balances for that group are three times higher than participants who are not engaged online.

Participants are 12 times more likely to take action on a notice—so changing their allocation, visiting the website.

**Ortvals-Tibbs:** It sounds like this is a way where the fund companies can put the

information before the investors and give them reminders in a way that might be a little bit more actionable.

**Salinas:** Right. You don't have to change channels—you can get the notice online, click on a link, and take whatever action the notice is discussing.

**Ortbals-Tibbs:** And there are other reasons why investors would also like e-delivery. For some people, it's a greener option.

**Salinas:** You also are able to provide simpler notices yet provide more information. So with layered disclosures, you can provide a simple, up-front disclosure with hyperlinks, where participants can get more information on the items that they want to learn more about without overwhelming the participant with a lot of paper.

## **Additional Resources**

- [401\(k\) Plans Continue to Offer Millions of Workers a Reliable Way to Save for Retirement](#)
- [Report: American Views on Defined Contribution Plan Saving, 2018](#)
- [Focus on Funds: Learn the Latest 401\(k\) Trends](#)
- [ICI Comment: Electronic Delivery of Disclosure for Workplace Retirement Plans](#)

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