

VIDEO

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Focus on Funds: 401(k) Reporting Costs Could Jump Under Proposed Regulatory Changes

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A little-noticed regulatory change could affect the cost and complexity of 401(k) administration. In the December 2, 2016, edition of *Focus on Funds*, ICI Assistant General Counsel Shannon Salinas details the issue.

Transcript

Stephanie Ortvals-Tibbs, ICI Director, Media Relations: For those in the industry involved with 401(k) plans and employee benefit plans, there's a sleeper issue to watch. As I learned recently from ICI's Shannon Salinas, it involves a technical form, which could have some significant changes coming to it that are much broader in their impact.

Shannon Salinas, Assistant General Counsel, Retirement Policy, ICI: One of the main reasons that it's not getting a lot of attention right now is because all of the focus and energy is really around the DOL fiduciary rule—for a good reason—but this is also an important issue that members need to focus on. That is, as you said, the Form 5500, which is the annual reporting form for employee benefit plans, which includes 401(k) plans.

Ortvals-Tibbs: So what happened that brought this issue into focus?

Salinas: Well, in July the DOL, the Department of Treasury, and the Pension Benefit Guarantee Corporation—which are the agencies that oversee this form—issued a proposal that would make sweeping changes to this form. It would greatly expand the amount of information that needs to be provided, and it would require it to be recorded in a data-minable format.

Ortvals-Tibbs: What kind of changes are they looking at?

Salinas: The form is very detailed and complex, so our comments will be very nitty-gritty. But on a topline, we'll be focused on the cost and the burden of these additional changes. When you look at each individual change, it might not seem like that much of a burden, but

it's really the changes in the aggregate that we're concerned about—and the really massive increase in the cost, which will ultimately be passed on to the plan participants.

Ortbals-Tibbs: So Shannon, it sounds like ultimately our comments will focus on how regulators can pursue some really laudable goals, and yet not wind up increasing plan costs for retirement savers.

Salinas: That's right. So the goals are to increase transparency, to enhance enforcement, to provide additional information that researchers can use—which are all good goals, but we don't want to put those goals ahead of the consumer.

Additional Resources

- [ICI Comment Letter on Proposed Revision of Annual Information Return/Reports \(Form 5500 Series\)](#)
- Press Release: [US Labor Department Releases Proposal to Improve, Modernize Form 5500 Annual Return/Report Filed by Employee Benefit Plans](#)

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