

Twelve Trade Associations Support Improved 401(k) Disclosure in Submission to Labor Department

WASHINGTON - Twelve associations representing both employers that sponsor retirement savings plans and the financial institutions that provide services to such plans today submitted to the Department of Labor a set of joint recommendations for improved disclosure of key information to plan participants.

Underlying all the recommendations is a shared and strongly-held commitment to ensuring that Americans who rely on 401(k) and similar participant-directed plans receive clear, concise and meaningful information on the investments and key features of their plan, including the fees associated with participating.

The Department has solicited input on potential revisions to existing guidance governing fee disclosure to plan participants. The twelve organizations are pleased to assist in this effort, and believe the Department has the statutory authority and institutional expertise to address these issues through the regulatory process.

The twelve associations are American Bankers Association (ABA), American Benefits Council (ABC), American Council of Life Insurers (ACLI), The Committee on Investment of Employee Benefit Assets (CIEBA), The ERISA Industry Committee (ERIC), The Financial Services Roundtable (FSR), Investment Company Institute (ICI), National Association of Manufacturers (NAM), Profit Sharing/401k Council of America (PSCA), Securities Industry and Financial Markets Association (SIFMA), Society for Human Resource Management (SHRM), and U.S. Chamber of Commerce (Chamber).

The joint recommendations include:

- Any new disclosure regime must recognize that plan sponsors (employers) and plan participants (employees) have markedly different disclosure needs. It is important to avoid the temptation to overload participants with detailed and voluminous information that can impair sound decision-making.
- Participants need to know about fees and other costs associated with investing in the plan, but not in isolation. Fee information should appear alongside other key facts that participants rely upon to make sound investment decisions. These facts include each plan investment option's historical performance, its relative risks, its investment objectives and the identity of its adviser or manager.
- Disclosure should facilitate comparison among investment options, although employers should retain flexibility as to the appropriate format for workers.
- Participants should receive fee and other key investment option information at enrollment and be notified annually where they can find or how they can request such information.

The associations hope the recommendations will be helpful to the Labor Department as it drafts new disclosure regulations. They stand ready to offer their advice and counsel if needed.

Media Contacts:

American Bankers Association
www.aba.com
John Hall
202-663-5473
Jhall@aba.com

American Benefits Council
www.americanbenefitscouncil.org
Jason Hammersla
202-289-6700
JHammersla@abcstaff.org

American Council of Life Insurers
www.acli.com
Jack Dolan
202-624-2418
JackDolan@acli.com

The Committee on Investment
of Employee Benefit Assets
www.afponline.org
Judy Schub
301-961-8682
jschub@afponline.org

The ERISA Industry Committee
www.eric.org
Ted Godbout
202-789-1400
tgodbout@eric.org

The Financial Services Roundtable
www.fsround.org
Keosha Burns
202-589-2427
keosha@fsround.org

Investment Company Institute
www.ici.org
Edward Giltenan
202-326-5891
egiltan@ici.org

National Association of Manufacturers
www.nam.org
Dena Battle
202-637-3079
DBattle@nam.org

Profit Sharing 401k Council of America
www.pasca.org
Edward Ferrigno
202-689-7857
ferrigno@401k.org

Securities Industry and Financial
Markets Association
www.sifma.org
Jeannie Bunton
202-216-2067
jbunton@sifma.org

Society for Human Resource Management
www.shrm.org
Julie Malveaux
202-535-6454
jmalveaux@shrm.org

U.S. Chamber of Commerce
www.uschamber.com
Aliya Wong
202-463-5458
awong@uschamber.com