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DOL issues rule aimed at boosting 401(k) fee disclosures

While the regulation only applies to ERISA plans,
governmental plan sponsors may want to be aware of these regulations

The Employee Benefits Security Administration of the Department of Labor on Thursday, Oct. 14, 2010 released in final form a rule that requires 401(k) plan sponsors to provide quarterly statements to employees regarding the fees and expenses deducted from their investment accounts. The regulation also requires that plan fiduciaries:

- Give workers quarterly statements of plan fees and expenses deducted from their accounts.
- Give workers core information about investments available under their plan including the cost of these investments.
- Use standard methodologies when calculating and disclosing expense and return information to achieve uniformity across the spectrum of investments that exist in plans.
- Present the information in a format that makes it easier for workers to comparison shop among the plan's investment options.
- Give workers access to supplemental investment information in addition to the basic information required under the final rule.

EBSA says the goal is to provide workers one document that includes easy-to-read information they'd have to ferret out of prospectuses.

Effective and Applicability Dates

- The final rule were to be published on October 20, 2010.
- The final rule will become effective beginning on December 20, 2010.
- The final rule will become applicable to covered individual account plans for plan years beginning on or after November 1, 2011. For calendar year plans, compliance will be required on January 1, 2012.

In the November 2010 edition of the *Nationwide Federal Legislative and Regulatory Report*, Nationwide will feature a comprehensive discussion of the new DOL rule. Our Report is scheduled for distribution on Nov. 15, 2010.

Source:

US Labor Department issues final rule to improve transparency of fees and expenses to workers with 401(k)-type retirement plans <<http://www.dol.gov/opa/media/press/ebsa/EBSA20101432.htm>>