

# NEWS RELEASE



American Society of Pension Professionals & Actuaries / Council of Independent 401(k) Recordkeepers

## **ASPPA/CIKR Suggest Improvements to DOL Participant Fee Disclosure Regulations**

Arlington, Va. – Sept. 8, 2008 – The American Society of Pension Professionals & Actuaries (ASPPA) and the Council of Independent 401(k) Recordkeepers (CIKR) submitted comments and recommendations to the U.S. Department of Labor (DOL) regarding the proposed regulation for disclosure of plan and investment-related information to participants in participant-directed plans.

Brian Graff, ASPPA executive director and chief executive officer, said ASPPA has several concerns about the proposed regulations. “While we support the department in its initiatives to provide meaningful information so participants can make informed decisions regarding the management of their individual accounts, we have serious concerns about the timing, cost, and burden of the proposed disclosures, especially on service providers and plan record keepers in particular,” Graff said. And Tommy Thomasson, chairman of CIKR, added “We believe the department should delay the adoption of the final regulation and modify its proposed regulation after careful consideration of the complex implementation issues, the practical utility of the required information, and the fiduciary considerations raised in our comment letter.”

ASPPA and CIKR outlined a number of subjects for review in a comment letter. Among the recommendations, ASPPA and CIKR urged DOL to delay implementation of the proposed regulations until either January 1, 2010 or 12 months from the date of adoption of the final regulation, whichever is the later date. An economic analysis, which assumes an adoption of final regulation by Nov. 3, 2008, indicates the increased costs of compliance within a 58-day timeframe for individual third-party administrators and record keepers. The analysis states that cost would be approximately 30 to 40 percent higher than allowing implementation during a one-year period, due in large part to the costs associated with developing and creating the systems to capture data not readily available.

ASPPA and CIKR urged DOL to consider eliminating the quarterly disclosure requirement of administrative expenses, based on the following concerns:

(1) the information provided quarterly would not reflect the “true” annual administrative costs and would provide confusing and misleading information to plan participants;

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(2) a quarterly disclosure of administrative costs, but not investment-related costs, would place the compliance burden in the wrong place, as administrative expenses represent less than 10 percent of the total fees charged to a participant's account; and

(3) plan fiduciaries could be exposed to liability for a fiduciary breach where they are required to provide quarterly information that is incorrect.

ASPPA and CIKR further encouraged DOL to require disclosure of administrative expenses on the same basis as disclosure of investment costs (on an annual basis as a percentage of plan assets) to provide uniform disclosure to participants without regard to whether the service providers to a plan are bundled (*i.e.*, offer proprietary investments as well as administrative services) or unbundled. As written, the proposed regulation would require that disclose of administrative expenses "except to the extent included in investment-related expenses" would impose an additional quarterly disclosure requirement on unbundled service providers (who separately charge for recordkeeping services), while requiring no such quarterly disclosure for bundled service providers (who are able to recover any fees charged for administrative services through investment-related expenses).

Read the [submitted comments](#). For additional information, or to speak with CIKR chairman Tommy Thomasson or ASPPA executive director, Brian Graff, contact Chris Robichaux, director of media relations at ASPPA, at [crobichaux@asppa.org](mailto:crobichaux@asppa.org) or call 703-516-9300.

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ASPPA is a national organization of more than 6,400 retirement plan professionals who provide consulting and administrative services for qualified retirement plans covering millions of American workers. ASPPA members are retirement professionals of all disciplines including consultants, administrators, actuaries, accountants, and attorneys. The large and broad-based ASPPA membership gives it unusual insight into current practical problems with the Employee Retirement Income Security Act and qualified retirement plans with a particular focus on the issues faced by small- to medium-sized employers. ASPPA membership is diverse and united by a common dedication to the private retirement plan system.

CIKR is a national organization of 401(k) plan service providers. CIKR members are unique in that they are primarily in the business of providing retirement plan services as compared to financial services companies who primarily are in the business of selling investments. As a consequence, the independent members of CIKR offer plan sponsors and participants a wide variety of investment options from various financial services companies without an inherent conflict of interest. By focusing their businesses on efficient retirement plan operations and innovative plan sponsor and participant services, CIKR members are a significant and important segment of the retirement plan service provider marketplace. Collectively, the members of CIKR provide services to approximately 68,000 plans covering 2.8 million participants and holding in excess of \$120 billion in assets.