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ALERT: New DOL requirement means organizations offering retirement plans must prepare now for fee information disclosure to avoid penalties

Sweeping, complex new Department of Labor (DOL) regulations for retirement plan fee disclosure will force the majority of employers offering retirement plans to **gather and deliver retirement plan fee information to employees as soon as late summer. The DOL could penalize companies which fail to comply by the due date; non-compliance also opens the employer up to employee lawsuits for breach of fiduciary duty.**

All employers (“plan sponsors”) offering qualified retirement plans should contact their retirement plan recordkeepers immediately to find out how the recordkeepers plan to help them meet the disclosure deadline. Recordkeepers should have a detailed timeline and strategy for how they will gather the required information from plan service providers, compile it for each employee enrolled in the plan (“plan participants”), and help the plan sponsor deliver it in a timely and understandable way.

Employers are required to **deliver fee information to all eligible employees annually**, not just those participating in the plan, although active participants receive additional personalized information. We recommend plan sponsors **develop and offer internal education and communication before the date of their fee disclosure to help employees understand this new and complex information** about their retirement plan. When previously less-visible fees are disclosed to participants, they could make investment changes and decisions harmful to their returns in order to avoid fees. If the retirement plan recordkeeper or financial advisor provides regular employee education sessions, plan sponsors may want to schedule them close to the date participants receive their initial disclosure information.

Participant fee regulation goes into effect this year, with a date for “initial disclosure” to plan participants based on the later of:

- 60 days after the plan’s anniversary date that occurs on or after November 1, 2011
- **OR August 30, 2012**

The **earliest fee disclosures would be required is August 30, 2012.** The regulation covers 401(k) and ERISA 403(b) defined-contribution plans, but not governmental 457 plans, SEP, SIMPLE 401k, SIMPLE IRA or non-ERISA 403(b) plans.

A brief overview of the type of information plan participants must be provided includes:

- General information about the plan investments, administrative fees and expenses plan service providers charge to the plan
- Specific information about actual charges to plan participant individual accounts
- Comprehensive data about each of the plan’s investment options, provided in a way that allows participants to make meaningful comparisons

If you would like more information about this new regulation, please email NotifyEBS@aghlc.com to request a detailed written overview of the requirements. You may also contact your AGH professional, or call AGH employee benefit services senior vice president Brad Bechtel at (316) 291-4131, or email brad.becht@aghlc.com.

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