

Twelve Trade Associations Support Improved 401(k) Disclosure in Submission to Labor Department, July 2007

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Washington, DC, July 24, 2007 - 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 12 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 12 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.