

## White Paper: Promoting Electronic Delivery of Retirement Documents Will Benefit Participants

# White Paper: Promoting Electronic Delivery of Retirement Documents Will Benefit Participants

## DOL Should Make E-Delivery the Default Option, Academics Say

**Washington, DC, June 14, 2011** – The Department of Labor (DOL) should allow defined contribution (DC) plans to make electronic delivery the default mechanism for conveying disclosure notices and information to plan participants, according to a new white paper. Greater use of electronic delivery would provide plan participants with timely and easy access to information in a more user-friendly format that allows a participant to obtain more information or take action in response to the information, according to the paper by independent experts.

Greater use of electronic delivery for legally required plan disclosures also will provide cost savings for plans, reduce environmental impacts, and meet statutory requirements and the goals of President Obama's executive order on government regulation, according to the paper, *Delivering ERISA Disclosure for Defined Contribution Plans: Why the Time Has Come to Prefer Electronic Delivery*. The study was co-authored by Peter P. Swire, the C. William O'Neill Professor Law at the Ohio State University, and Kenesa Ahmad, a legal and policy associate with the Future of Privacy Forum. Swire and Ahmad, who are experts on cyberspace and laws governing the Internet, were commissioned by the Investment Company Institute (ICI), American Society of Pension Professionals & Actuaries (ASPPA), and American Council of Life Insurers (ACLI) to undertake the study.

"The arc of change is overwhelmingly in the direction of electronic rather than paper delivery," said Swire. "With Internet access so widespread today, electronic disclosure is actually better in major respects than traditional paper delivery. There is a compelling case for the next DOL regulation to permit plans to choose a default rule of electronic delivery."

## E-Delivery Can Improve Disclosure for Investors; Provide Better Access

The white paper explains that e-delivery can provide better notice than paper delivery, in large part because disclosure can be "layered," with a short and simple notice on top that provides click-through access to more detailed disclosures for participants seeking more information. In addition, electronic notice can provide "just-in-time" information to help participants at the point of making decisions about their plans. Even if electronic delivery became the default method, individuals would retain the right to opt for paper notices instead.

Electronic delivery, contend Swire and Ahmad, also allows participants to have access to information about their plans anytime, anywhere. In addition, they say, it gives participants better information storage or filing options, and it provides alternatives for persons with disabilities, such as those who are visually impaired.

"In a world in which the IRS now no longer mails annual tax forms, but instead makes them available online, we think plans should be able to make electronic delivery the default option for required information for DC plans," said ASPPA [Executive Director and CEO Brian H. Graff](#). "Widespread and growing Internet access has and will continue to make electronic delivery the modern day option for providing important disclosures to participants, while preserving the ability of plan participants to receive paper notices if they want them."

## E-Delivery Also Can Reduce Costs and Environmental Impact

A shift to e-delivery would mean reduced printing and mailing costs for plans and thus potential savings for participants. For example, the authors contend that e-delivery of a single new four-page notice could eliminate \$36.7 million to \$60.5 million per year in printing and mailing costs. Switching to e-delivery for several common annual disclosures to participants would also reduce the environmental

impact and could save as many as 11,600 trees or 39 acres of forest annually.

“The DOL’s examination of the rules governing electronic delivery is consistent with the Obama Administration’s push toward promoting innovation and technology, and we applaud them for considering this important issue that could bring real benefits to participants in retirement plans,” said ICI Senior Counsel for Pensions Mary Podesta. “We hope this study will help educate regulators and the public about the current state of play of Internet access and the benefits of providing information to individuals electronically.”

## Technological and Investor Considerations Support Shift Toward E-Delivery

The Swire-Ahmad paper makes clear that the advance of technological changes and widespread Internet access make the time right for DOL to make e-delivery more readily available to participants. It pulls together research that demonstrates that working American families are almost as likely to have Internet access as they are to own a telephone. Working households with DC accounts are even more likely to have Internet access compared with other working households in similar age or income groups. Mobile devices reduce the digital divide and are speeding the convergence of Internet access by different demographic groups, the study notes. In addition, e-delivery offers important cybersecurity advantages, such as providing more sophisticated account user authentication.

The authors are submitting their white paper to the DOL as part of the public comment file on its [request for information](#) about how to change 2002 regulations governing the choice between paper and electronic delivery for ERISA notices and information. On June 6, [ICI](#), [ASPPA](#), and [ACLI](#) submitted separate comment letters to DOL in response to the RFI.

– ICI –

*The Investment Company Institute is the national association of U.S. investment companies, including mutual funds, closed-end funds, exchange-traded funds (ETFs), and unit investment trusts (UITs). ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. Members of ICI manage total assets of \$13.41 trillion and serve over 90 million shareholders.*

*The American Society of Pension Professionals & Actuaries (ASPPA) is a national organization of more than 7,500 retirement plan and benefits professionals that serves as the educator, voice, and advocate for the employer-based retirement system. ASPPA members are administrators, actuaries, advisors, attorneys, accountants, and other financial services professionals who provide consulting and administrative services for qualified retirement plans.*

*The American Council of Life Insurers (ACLI) is a Washington, D.C.-based trade association with more than 300 legal reserve life insurer and fraternal benefit society member companies operating in the United States. ACLI members represent more than 90 percent of the assets and premiums of the life insurance and annuity industry. In addition to life insurance and annuities, ACLI member companies offer pensions, 401(k) and other retirement plans, long-term care and disability income insurance, and reinsurance.*