
Final Rule on 401(k) Fee Disclosure Issued

By Editor Test *Thu, Oct 21, 2010*

The 72 million participants in defined contribution plans in the U.S. are about to get more fee and expense disclosures than they'll know what to do with.

The Department of Labor's Employee Benefits Security Administration (EBSA) has issued a final rule giving the 72 million participants covered by 401(k)-type retirement plans in the U.S. more information about the fees and expenses of their plans.

"Current law does not require that all workers be given the information they need to make informed investment decisions or, when information is given, that it is furnished in a user-friendly format," said an EBSA announcement.

"This rule will ensure that all workers who direct their plan investments have access to the information they need to make informed decisions regarding the investment of their retirement savings, including fee and expense information."

The final regulation requires plan fiduciaries to:

- 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 plan investment options.
- Present the information in a format that makes it easy to compare the plan's investment options.
- Give workers access to supplemental investment information in addition to the basic information required under the final rule.