
Rule 408(b)(2) delayed until 2012

By Editor Test *Wed, Feb 16, 2011*

"We now believe plans and plan service providers would benefit from an extension of the rules applicability date," said assistant Labor Secretary Phyllis Borzi in a statement.

New fee disclosure regulations for retirement plan service providers will not be put into effect until January 1, 2012, the Employee Benefits Security Administration (EBSA) announced. ERISA Section 408(b)(2) had been scheduled to take effect July 16, 2011.

"We now believe plans and plan service providers would benefit from an extension of the rules applicability date," said assistant Labor Secretary Phyllis Borzi said in a statement.

The regulations will require the disclosure of direct and indirect compensation to service providers who receive \$1,000 or more in compensation and who provide fiduciary or registered investment advice, offer investment options in connection with brokerage or recordkeeping services, or receive indirect compensation from the plan, EBSA said.

The rules require plans to report legal and accounting fees separately, and to describe the fees that participants must pay to borrow from their plan or to have a qualified domestic relations order processed.

The earliest version of the regulations, which were part of the Pension Protection Act of 2006 and was scheduled to take effect in early 2009. That version rejected by the Obama Administration, which wanted tougher safeguards against high fees and conflicts of interests in the sales of investments to retirement plans.

EBSA published interim final regulations in July 2010 and received many comments, including suggestions for a summary plan document system to help plan fiduciaries use the cost data, Borzi said.

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