

COMPLIANCE BULLETIN: DOL extends fee disclosure deadlines

The U.S. Department of Labor (DOL) recently announced the final effective dates for new requirements designed to increase transparency in fees and expenses for both participants and plan sponsors. With this move, the DOL established a new deadline of July 1, 2012 for initial fee disclosures that plan service providers must deliver to plan sponsors under ERISA Section 408(b)(2). The DOL's interim final rule originally provided an April 1, 2012 deadline. Healey & Associates is on schedule to distribute our disclosures, along with an updated Administrative Services Agreement, early in the second quarter of 2012.

The effective date of the participant fee disclosure regulation governing the information that must be disclosed to plan participants is tied to the effective date of the Section 408(b)(2) regulation. As a result, the initial disclosure deadline, for plan sponsors of plans permitting participants to self-direct their own investments from various options selected by the plan sponsor, has been extended to August 30, 2012 (that is, 60 days after the Section 408(b)(2) regulation's July 1 effective date). Participant disclosures are required to contain detailed plan and investment information along with associated fees and expenses.

For calendar-year plans, the initial quarterly participant statement, including additional detail on investment and administrative charges paid from each participant's plan account, must be furnished to the participant by November 14, 2012 (that is, 45 days after the end of the third quarter when initial disclosure is first required). This individual disclosure is in addition to the quarterly participant benefit statement required under DOL regulations beginning back in 2007. Generally, this new expense disclosure will appear on by the investment provider's quarterly statement. In the past, plan administrative and participant transactional charges paid directly from the participant's account were included in the gain/loss figure for the reporting period.

Deadline for Disclosure	Party Making Disclosure	Recipient of Disclosure	Subject of Disclosure	Frequency
July 1, 2012	Service Providers	Plan Sponsor	Indirect revenue received from other service providers	Initial and as changed
August 30, 2012	Plan Sponsor	Participants	Investment level performance and expenses; types of fees/expenses paid from participant accounts	Initial and as changed
November 14, 2012 <i>(plans with 12/31 PYEs)</i>	Generally on statement from investment provider	Participants	Expenses paid directly from account during period, must be separated from gain/loss of investments	Quarterly