The Council supports enhanced disclosure and reporting requirements. The Council recently provided substantial input to the U.S. Department of Labor on a full range of issues relating to 401(k) plan fees, including: current best practices among employers and service providers; the scope, frequency, methods and costs of disclosure; the different kinds of plan fees and the importance of investment education.

- The Council and other associations have already submitted an extensive list of fee and expense data elements that plan sponsors can use to discuss fees effectively with their service providers.

However, more disclosure is not necessarily better disclosure. Fee disclosures must be useful and meaningful to plan participants. At best, too much information can simply result in disclosures that get ignored. At worst, too much information can exacerbate the paralysis that often affects plan participation decisions, thereby discouraging employees from voluntarily saving for retirement.

- Anecdotal evidence from Council members suggests that benefit statements are already quite robust, and many summary documents are seldom read.

Fees can only be evaluated in the context of the services they pay for. Fees generally reflect not only the cost of investment, but also plan administration and increased services to participants.

- Participant services can include internet access and voice response systems, online distribution and loan modeling, online calculators for comparing deferral options, investment advice and education services. With expanding choices and increased access to their plans, participants use these services to make investment changes to achieve their own objectives.

Fees are very important, but they are only one factor in evaluating investment options. Other key components include historical investment return, types of investments, diversification, risk level and more.

- "Failure to diversify" was cited as the most obvious failure participants make when investing in 401(k) plans in a 2006 report. (Center for Retirement Research at Boston College, "401(k) Plans Are Still Coming Up Short," March 2006)

401(k) mutual fund investors tend to pay lower investment expenses than the industry average.

- The average total expense ratio incurred by 401(k) investors in stock funds was .76 percent in 2005, about half of the 1.54 percent simple average for all stock funds and lower than the industry-wide asset-weighted average of .91 percent; the average total expense ratio incurred by 401(k) investors in bond funds was .58 percent in 2005, about half of the 1.11 percent simple average for all bond funds and lower than the industry-wide asset-weighted average of .71 percent. (Investment Company Institute (ICI), "The Economics of Providing 401(k) Plans: Services, Fees, and Expenses," November 2006)

- Survey respondents’ average 401(k) fund expense ratio was .75 percent in 2005. Of those survey respondents with available data, more than two-thirds had expense ratios of .85 percent or lower. (Deloitte, “Annual 401(k) Benchmarking Survey, 2005/2006 Edition,” July 11, 2007)

Mutual fund fees have trended downward in the past two decades. A decrease in sales loads (and growth of no-load funds), growth in fund assets and competition within the mutual fund industry have kept fees down.

- In 1980, investors in stock funds (in both the retirement and private markets), on average, paid fees and expenses of 2.32 percent of fund assets. By 2006, that figure had fallen to 1.07 percent of fund assets. (ICI 2007 Fact Book)